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ABSTRACTS

The Kantian Peace

The Pacific Benefits of Democracy, Interdependence, and International Organizations, 1885–1992

By JOHN R. ONEAL and BRUCE RUSSETT

The authors test Kantian and realist theories of interstate conflict using data extending over more than a century, treating those theories as complementary rather than competing. As the classical liberals believed, democracy, economic interdependence, and international organizations have strong and statistically significant effects on reducing the probability that states will be involved in militarized disputes. Moreover, the benefits are not limited to the cold war era. Some realist influences, notably distance and power predominance, also reduce the likelihood of interstate conflict. The character of the international system, too, affects the probability of dyadic disputes. The consequences of having a strong hegemonic power vary, but high levels of democracy and interdependence in the international system reduce the probability of conflict for all dyads, not just for those that are democratic or dependent on trade.

The High Politics of IMF Lending

By STROM C. THACKER

Analysts have long suspected that politics affects the lending patterns of the International Monetary Fund (IMF), but none have adequately specified or systematically tested competing explanations. This paper develops a political explanation of IMF lending and tests it statistically on the developing countries between 1985 and 1994. It finds that political realignment toward the United States, the largest power in the IMF, increases a country's probability of receiving an IMF loan. A country's static political alignment position has no significant impact during this period, suggesting that these processes are best modeled dynamically. An analysis of two subsamples rejects the hypothesis that the IMF has become less politicized since the end of the cold war and suggests that the influence of politics has actually increased since 1990. The behavior of multilateral organizations is still driven by the political interests of their more powerful member states.

Democracy, Indigenous Movements, and the Postliberal Challenge in Latin America

By DEBORAH J. YASHAR

Scholars of democratic consolidation have come to focus on the links between political institutions and enduring regime outcomes. This article takes issue with the conceptual and analytical underpinnings of this literature by highlighting how new political institutions, rather than securing democratic politics, have in fact had a more checkered effect. It delineates why the theoretical expectations of the democratic consolidation literature have not been realized and draws, by example, on the contemporary ethnic movements that are now challenging third-wave democracies. In particular, it highlights how contemporary indigenous movements, emerging in response to unevenly institutionalized reforms, pose a postliberal challenge to Latin America's newly founded democracies. These movements have sparked political debates and constitutional reforms over community rights, territorial autonomy, and a multiethnic citizenry. As a whole, they have laid bare the weakness of state institutions, the contested terms of democracy, and the indeterminacy of ethnic accommodation in the region. As such, these movements highlight the need to qualify somewhat premature and narrow discussions of democratic consolidation in favor of a broader research agenda on democratic politics.

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Loyalty Dilemmas and Market Reform

PARTY-UNION ALLIANCES UNDER STRESS IN MEXICO, SPAIN, AND VENEZUELA

By KATRINA BURGESS

Market reform has dealt a serious blow to traditional alliances between governing parties and labor unions. This article examines the fate of these alliances by applying a revised version of Albert Hirschman's schema of exit, voice, and loyalty to party-union relations in Mexico, Spain, and Venezuela. After refining the concept of loyalty, the author argues that it is embedded in the principles and norms on which these alliances are based. Market reform places party-affiliated labor leaders in a "loyalty dilemma" in which they have no choice but to behave disloyally toward one set of claimants. Their propensity to respond with either voice or exit depends on their vulnerability to reprisals for disloyal behavior and the party's capacity to retain their loyalty even in the face of sacrifices imposed on workers and unions. Both variables are linked to the authority structures in which labor and party leaders find themselves. In the short to medium run the alliances most likely to survive are those in which labor leaders have significant autonomy from their bases and/or in which the party is able and willing to challenge its own executive. In the long run, however, even these alliances may be vulnerable to collapse because of popular frustrations with the inadequacy of interest representation and the multiple pressures on political organizations to adapt to a more fluid and uncertain environment.

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THE KANTIAN PEACE
The Pacific Benefits of Democracy, Interdependence, and International Organizations, 1885–1992

By JOHN R. ONEAL and BRUCE RUSSETT*

JUST over two hundred years ago Immanuel Kant suggested that "republican constitutions," a "commercial spirit" of international trade, and a federation of interdependent republics would provide the basis for perpetual peace. The alternative, even starker in the nuclear era than in 1795, would be peace of a different sort: "a vast grave where all the horrors of violence and those responsible for them would be buried."[1] Consequently, Kant declared, we have a duty to work for peaceful international relations. Though he emphasized the absolute character of this moral imperative, he was no idealist; rather, he believed that natural processes based on self-interest impelled individuals to act in ways that would eventually produce a lasting and just peace. Kant was also realistic. He acknowledged that war was inherent in the anarchic international system and therefore cautioned that nations must act prudently until the federation of interdependent republics was established. But he also knew that the mechanisms of power politics produce only temporary respite from conflict, not lasting solutions.

Over the past half century much of the world has been at peace. Understanding that phenomenon, its causes and trajectory, is the fundamental challenge for international relations scholars today. We seek to show that Kant's realistic statement of liberal theory provides useful guidance for this task. Most political scientists now agree that the contemporary peacefulness can be traced in part to the so-called democratic peace, wherein established democratic states have fought no

* We thank the Carnegie Corporation of New York, the Ford Foundation, and the National Science Foundation for financial support; Zeev Maoz for comments; and Jennifer Beam, Margit Bussmann, Soo Yeon Kim, Yury Omelchenko, Brian Radigan, and Jacob Sullivan for data collection and management.

[1] Kant, *Perpetual Peace: A Philosophical Sketch*, in *Kant's Political Writings*, ed. Hans Reiss (Cambridge: Cambridge University Press, 1970), 105. See also James Bohman and Matthias Lutz-Bachmann, eds., *Perpetual Peace: Essays on Kant's Cosmopolitan Ideal* (Cambridge: MIT Press, 1997).

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international wars with one another and the use or threat of force among them, even at low levels, has been rare.[2] This view is incomplete, however, because it fails to recognize the pacific benefits of the other liberal elements of Kant's program for peace. Moreover, the term hides the vigorous theoretical controversy about the processes underlying this separate peace—over whether democracy is really even its cause and over the degree to which the empirical phenomenon existed in other eras.

These theoretical and empirical concerns are linked. If, for example, peaceful relations among democracies during the cold war era were simply a consequence of their shared security interests vis-à-vis the opposing alliance system in a bipolar world, then their peacefulness would be spuriously related to the character of their regimes. The same conclusion would result if the democratic peace could be attributed to the hegemonic power of the United States to suppress conflict among its allies or to East-West differences in preferences unrelated to underlying differences in regimes.[3] One would not then expect to find a separate peace among democratic states in other periods evincing different patterns of interstate relations. We address these questions by reporting analyses covering 1885–1992, to show that peaceful relations among democracies existed throughout the twentieth century.[4] Extending the historical domain also allows us to assess the effect of the changing character of the international system on interstate relations.[5]

[2] By convention in the social science literature, war is defined as a conflict between two recognized sovereign members of the international system that results in at least one thousand battle deaths. The most complete data on militarized international disputes (MIDs), compiled by Stuart Bremer and his colleagues, are available at http://pss.la.psu.edu/MID_DATA.HTM. The democracy data we employ were compiled by Keith Jaggers and Ted Robert Gurr, "Tracking Democracy's Third Wave with the Polity III Data," *Journal of Peace Research* 32, no. 4 (1995), available at http://isere.colorado.edu-/pub/datasets/polity3/politymay96.data. Both data sets are produced independently from the democratic peace research program, and the initial codings, from the 1980s, precede it. Reviews of the program include Steve Chan, "In Search of Democratic Peace: Problems and Promise," *Mershon International Studies Review* 41, no. 1 (1997); James Lee Ray, "Does Democracy Cause Peace?" *Annual Review of Political Science* 1 (1997); and Bruce Russett and Harvey Starr, "From Democratic Peace to Kantian Peace: Democracy and Conflict in the International System," in Manus Midlarsky, ed., *Handbook of War Studies*, 2d ed. (Ann Arbor: University of Michigan Press, forthcoming).

[3] Henry Farber and Joanne Gowa, "Common Interests or Common Polities?" *Journal of Politics* 57, no. 2 (1997); Gowa, *Ballots and Bullets: The Elusive Democratic Peace* (Princeton: Princeton University Press, 1999); Douglas Lemke and William Reed, "Regime Types and Status Quo Evaluations," *International Interactions* 22, no. 2 (1996); Erik Gartzke, "Kant We All Just Get Along? Opportunity, Willingness and the Origins of the Democratic Peace," *American Journal of Political Science* 42, no. 1 (1998).

[4] The MIDs data (fn. 2) are unavailable after 1992, and data on dyadic trade are sparse and unreliable before 1885. In any event the further back one goes into the nineteenth century, the rarer are instances of democracy, intergovernmental organizations, and high levels of economic interdependence. The MIDs data include only disputes between recognized states and not, for example, extrasystemic (i.e., colonial) actions, covert operations, or domestic military interventions in support of a recognized government.

[5] We will not here offer a new theory on why democracy produces peaceful relations. A recent statement is Bruce Bueno de Mesquita et al., "An Institutional Explanation of the Democratic Peace," *American Political Science Review* 93, no. 4 (1999).

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In keeping with the Kantian perspective, we expand our analysis beyond the democratic peace, incorporating the influence of economically important trade and joint memberships in international organizations. The classical liberals of the eighteenth and nineteenth centuries expected interdependence as well as popular control of government to have important pacific benefits. Commercial relations draw states into a web of mutual self-interest that constrains them from using force against one another. Thus interdependence and democracy contribute to what we have called the "liberal peace." Kant emphasized, in addition, the benefits of international law and organization. Our previous analyses of the cold war era indicate that, during those years at least, trade and networks of intergovernmental organizations did reduce the number of militarized interstate disputes; these effects were on top of the benefits of democracy.[6] We show here that they also operated in earlier and later years.

Our Objectives and Method

Although the liberal and realist perspectives are often considered antithetical, in keeping with Kant's philosophical analysis we conduct our tests of the Kantian peace while taking into account important realist influences. We believe, as Kant did, that both perspectives matter, as

[6] John R. Oneal and Bruce Russett, "The Classical Liberals Were Right: Democracy, Interdependence, and Conflict, 1950–1985," *International Studies Quarterly* 40, no. 2 (1997); Russett, Oneal, and David R. Davis, "The Third Leg of the Kantian Tripod: International Organizations and Militarized Disputes, 1950–85," *International Organization* 52, no. 3 (1998); Oneal and Russett, "Assessing the Liberal Peace with Alternative Specifications: Trade Still Reduces Conflict," *Journal of Peace Research* 36, no. 4 (1999). Here we extend this line of research in three ways: (1) providing a conceptual synthesis of Kantian and realist theories that treats conflict as inherent but subject to important constraints; (2) extending the temporal domain for trade and IGOs into the nineteenth century; and (3) assessing realist theories regarding the role of the hegemon and Kantian theories about systemic influences in a way that addresses, among others, constructivist and evolutionary perspectives on the international system. Note that the Kantian influences may be mutually reinforcing in a dynamic system of feedback loops, as suggested by Wade Huntley, "Kant's Third Image: Systemic Sources of the Liberal Peace," *International Studies Quarterly* 40, no. 4 (1996); and Russett, "A Neo-Kantian Perspective: Democracy, Interdependence, and International Organizations in Building Security Communities," in Emanuel Adler and Michael Barnett, eds., *Security Communities in Comparative Perspective* (New York: Cambridge University Press, 1998).

We and others have begun to address some of these links, such as greater trade between democracies, the possibility that trade is diminished between conflicting states, the effect of democracy, trade, and peace in increasing membership in international organizations, and the effect of conflict on democracy. On the first, see Harry Bliss and Russett, "Democratic Trading Partners: The Liberal Connection," *Journal of Politics* 58, no. 4 (1998), and James Morrow, Randolph Siverson, and Tessa Tabares, "The Political Determinants of International Trade: The Major Powers, 1907–90," *American Political Science Review* 92, no. 3 (1998); on the second, see Soo Yeon Kim, "Ties That Bind: The Role of Trade in International Conflict Processes" (Ph.D. diss., Yale University, 1998); on the third, see Russett, Oneal, and Davis (this fn.); and on the last, see Oneal and Russett, "Why 'An Identified Systemic Model of the Democratic Peace Nexus' Does Not Persuade," *Defence and Peace Economics* 11, no. 2 (2000).

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both consider conflict and the threat of violence to be inherent in an anarchic world of sovereign states. The Hobbesian element of this understanding is central to realist theory, but it is also deeply embedded in the liberal tradition. Kant accepted Hobbes's description of a state of war among nations and believed that a balance of power could prevent war; but history has shown all too clearly, as most realists acknowledge, that this "peace" is tenuous. Kant, however, was convinced that a genuine, positive peace could be developed within a "federation" of liberal republics that rested more on the three Kantian supports—democracy, interdependence, and international law and organizations—than on power politics. The pacific federation envisioned by Kant is not a world state but a federation whose members remain sovereign, linked only by confederational or collective security arrangements. Liberalism, that is, sees democratic governance, economic interdependence, and international law as the means by which to supersede the security dilemma rooted in the anarchy of the international system. For states not much linked by these ties, however, the threat of violence remains. In addition, liberal states must fear those illiberal states that remain outside the Kantian confederation.[7]

Thus we begin by assuming that the international system is anarchic and power is important. Yet despite the inherent possibility of violence, states do not fight all others or at all times even where realist principles dominate. Rather, they are constrained by power, alliances, and distance. States must be concerned with the balance of power and the coincidence of national interests expressed in alliances. Many states, moreover, are irrelevant to these calculations: in general, the farther apart two states are, the fewer are the issues over which to fight and the less the threat they pose to one another. Ultimately therefore realists are concerned only with states that have the opportunity and incentive to engage in conflict.[8] Accordingly because these constraints provide a baseline against which to assess the additional impact of the Kantian influences, we incorporate them as central features of our theoretical model. To the realist variables we add measures for the three Kantian constraints, hypothesizing that (1) democracies will use force less frequently, especially against other democracies; (2) economically important trade creates incentives for the maintenance of peaceful relations;

[7] Michael W. Doyle, *Ways of War and Peace* (New York: W. W. Norton, 1997), chap. 8; David Lake, "Powerful Pacifists: Democratic States and War," *American Political Science Review* 86, no. 4 (1992).

[8] Birger Heldt, "Inherency, Contingency, and Theories of Conflict and Peace" (Manuscript, Yale University, 1998); Benjamin Most and Harvey Starr, *Inquiry, Logic, and International Politics* (Columbia: University of South Carolina Press, 1989), chap. 2.

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and (3) international organizations constrain decision makers by promoting peace in a variety of ways. Since the modern international system is far from a pacific federation of democratic states, we expect both realist and Kantian factors to affect interstate relations. We explicitly consider how realist and liberal influences at both the dyadic and the systemic level have altered the functioning of the international system, addressing the role of the leading state and the influence of the changing Kantian variables over time.

Evidence for the pacific benefits of economic interdependence and membership in intergovernmental organizations (IGOs) is less widely accepted than is that for the democratic peace, and it has been subjected to less extensive critical scrutiny. We alone have assessed the effect of IGOs on conflict at the dyadic level of analysis. Moreover, theoretical expectations regarding the impact of trade and IGOs are more diverse than those concerning democracy. No one hypothesizes that democracies are *more* likely to fight each other than are other polities; but the liberal view of the pacific effects of trade is contradicted by those who expect conflict over the division of the gains from trade and by the dependency school and its intellectual predecessors and descendants, who expect conflict between large and small states.[9] As for IGOs, a plausible view might be that states form or join international organizations to manage—albeit often without success—disputes with their adversaries, the UN being an example. More commonly, realists regard international institutions as nearly irrelevant to the security issues at the heart of high politics, with no effect independent of existing power relations.[10] Even among those who hold that trade or IGOs play a positive role in promoting peace, the reasons advanced vary. Rational choice theorists emphasize political actors' complementary economic interests in maintaining peaceful interstate relations—interests that are reflected in the decisions of national leaders. Fearful of the domestic political consequences of losing the benefits of trade, policymakers avoid the use of force against states with which they engage in economically important trade. But one can also devise constructivist explanations about how the communication associated with trade builds cross-national sentiments of shared identity.[11]

[9] A useful review is Susan McMillan, "Interdependence and Conflict," *Mershon International Studies Review* 41, no. 1 (1997).

[10] John Mearsheimer, "The False Promise of International Institutions," *International Security* 19 (Winter 1994–95).

[11] Emanuel Adler and Michael Barnett, "Security Communities in Theoretical Perspective," in Adler and Barnett (fn. 6); Alexander Wendt, *Social Theory of International Politics* (New York: Cambridge University Press, 1999). For microlevel evidence that trading contacts expand elites' views of

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Even realists acknowledge that international institutions like NATO help to preserve peace among their members by supplementing the deterrent effect of sheer military power. Liberals emphasize the potential of institutions for communicating information and facilitating bargaining,[12] while constructivists see institutions as instruments for expanding people's conceptions of identity, relatedness, and self-interest. Because IGOs vary widely in their functions and capabilities, any or all of these explanations may be correct in a particular instance.[13] As with the consequences of democratic institutions, we do not attempt to resolve these theoretical debates here. Instead we seek to offer an empirical assessment of the effect of the Kantian influences on interstate relations.

In expanding the historical domain of the Kantian peace, one encounters hurdles (and opportunities) that arise from marked changes in the nature of political regimes, the importance of international trade, and the role of international organizations. As measured by the standard data on political regimes, Polity III,[14] the average level of democracy in the international system has risen since the early 1800s, in a pattern that is sporadic and wavelike.[15] Similarly, the mean level of economic interdependence as measured by the ratio of bilateral trade to gross domestic product fell after World War I but rose again in subsequent years. Most clear is the growth in the number of IGOs, though those associated with the creation and sustenance of a truly global economy largely emerge only after World War II. These trends for the 1885–1992 period are shown in Figure 1.[16] Higher levels of democracy, interdependence, and IGO membership should, of course, reduce conflict for the pairs of countries affected; but we also expect that as the number of democracies increases, trade grows, and IGOs proliferate, there will be important systemic influences on other pairs of states as well. The effect of the Kantian influences should, we hypothesize, be apparent over time as well as cross-nationally.

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their self-interest, see Daniel Lerner, "French Business Leaders Look at EDC," *Public Opinion Quarterly* 24, no. 1 (1956); and Bruce Russett, *Community and Contention: Britain and America in the Twentieth Century* (Cambridge: MIT Press, 1963), chap. 9.

[12] Robert O. Keohane and Lisa Martin, "The Promise of Institutionalist Theory," *International Security* 20, no. 1 (1995); Lisa Martin and Beth Simmons, "Theories and Empirical Studies of International Institutions," *International Organization* 52, no. 4 (1998).

[13] For a review of some relevant hypotheses and findings, see Russett, Oneal, and Davis (fn. 6).

[14] Jaggers and Gurr (fn. 2).

[15] Samuel P. Huntington, *The Third Wave: Democratization in the Late Twentieth Century* (Norman: University of Oklahoma Press, 1991).

[16] For graphing purposes the scale for bilateral trade/GDP has been increased by two orders of magnitude and that for IGO membership has been reduced by one order of magnitude.

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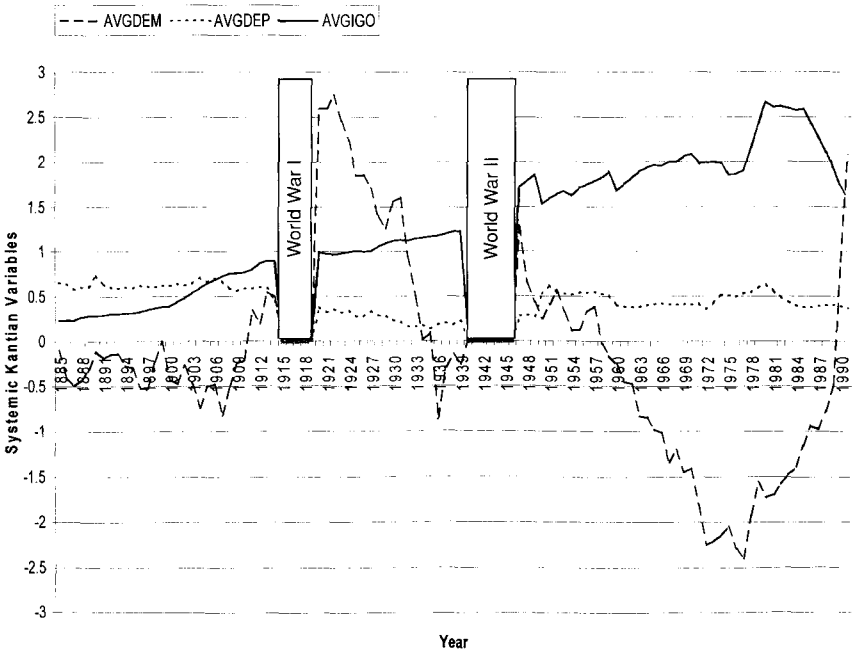

FIGURE 1
KANTIAN VARIABLES

Our statistical method—pooled cross-sectional time-series regression analysis of data regarding pairs of states (dyads) observed annually—is well suited to the purposes at hand. It considers variance in states' involvement in militarized disputes across dyads in each year and in dyadic relations through time. Consequently we can determine the likelihood of conflict as a function of differences across thousands of pairs of states annually and of changes in dyadic relations or in the international system from year to year over a period of more than one hundred years. By measuring change in the Kantian variables through time, we can begin to disentangle their systemic effects from their strictly dyadic influences.

Changes over time in the average level of democracy, interdependence, and IGO involvement capture important elements of the norms and institutions of the international system. Wendt, for instance, contends that world politics has slowly evolved from Hobbesian anarchy to a Lockean system wherein the security dilemma is ameliorated by norms recognizing the right of sovereign states to exist; these, in turn

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effectively limit the use of force.[17] Thus, states are no longer subject to elimination: whereas twenty-two internationally recognized states were forcibly occupied or absorbed during the first half of the twentieth century, no state has lost its formal sovereignty through conquest since World War II.[18] The emergence of a Kantian subsystem of states, within which the unprovoked use of force is illegitimate, may have contributed directly to this evolutionary development and affected the probability that force will be used primarily by states that are not particularly democratic, interdependent, or involved in international organizations.

If democracies are more likely than are autocracies to win their wars, then the latter will have to be concerned about the security implications of weakening themselves in war, whether with democracies or other autocracies, especially as the number of democracies in the international system grows.[19] If most great powers are democratic, their peaceful relations should reduce the incentive for war for all states across their spheres of influence. If globalization increases and stimulates economic growth among interdependent states, nonliberal states will have to be concerned lest they be punished by global markets and trading states for instigating international violence that disrupts trade and investment; even antagonistic dyads with little mutual trade may find it prudent to avoid conflict.[20] If international norms and institutions for

[17] Wendt (fn. 11). On some systemic effects of a high proportion of democracies, see Huntley (fn. 6); Nils Petter Gleditsch and Havard Hegre, "Peace and Democracy: Three Levels of Analysis," *Journal of Conflict Resolution* 41, no. 2 (1997); Sara McLaughlin Mitchell, Scott Gates, and Havard Hegre, "Evolution in Democracy-War Dynamics," *Journal of Conflict Resolution* 43, no. 6 (1999); and Lars-Erik Cederman, "Back to Kant: Reinterpreting the Democratic Peace as a Collective Learning Process" (Manuscript, Political Science Department, University of California at Los Angeles, December 1998).

[18] For dates of independence, see Bruce Russett, J. David Singer, and Melvin Small, "National Political Units in the Twentieth Century: A Standardized List," *American Political Science Review* 62, no. 3 (1968). Germany and Japan temporarily lost sovereignty after World War II, but soon regained it (Germany as two states). Kuwait was briefly occupied in 1990–91; but a large, diverse coalition of states under the aegis of the United Nations forced Iraq to withdraw in order to protect the sovereignty of established states. South Vietnam is an exception to this generalization if one regards its unification with North Vietnam in 1976 as the result of external conquest rather than of an internationalized civil war. Whereas state extinction as a consequence of international war has become rare, the ideology of ethnic self-determination has led to the breakup of many states and empires.

[19] A counterhypothesis would be that as democracies become more numerous and more confident in their individual and collective strength, they may become emboldened to pursue coercive relationships with those autocracies that remain. For evidence that democracies do win most of their wars, see Bruce Bueno de Mesquita, Randolph Siverson, and Gary Woller, "War and the Fate of Regimes: A Comparative Analysis," *American Political Science Review* 86, no. 3 (1992); Lake (fn. 7); and Allan C. Stam III, *Win Lose or Draw* (Ann Arbor: University of Michigan Press, 1996).

[20] Thomas L. Friedman, *The Lexus and the Olive Tree* (New York: Farrar, Straus, and Giroux, 1999); and Stephen G. Brooks, "The Globalization of Production and International Security" (Ph.D. diss., Yale University, forthcoming).

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resolving disputes grow, even nonliberal states may be impelled to use regional or international organizations to help settle their disputes rather than accept the political, military, and economic costs imposed by the liberal community as penalties for using military force. Thus increases in the Kantian influences at the system level may have beneficial effects on the behavior of dyads that are not particularly democratic, economically interdependent, or involved in international organizations.

This is not an ecological fallacy.[21] We do not make inferences about dyadic conflict from information about conflict at the systemic level. In all our analyses we address the incidence of militarized disputes among pairs of states. We investigate the consequences of purely dyadic characteristics for dyadic behavior, but we also do consider the effects of evolutionary changes in the international system. To capture the effects of such systemic changes, we use the annual mean scores of democracy, bilateral trade as a proportion of gross domestic product (GDP), and joint memberships in IGOs graphed in Figure 1. They effectively gauge the pervasiveness of changes in international norms and institutions and document the example of the success of liberal states in the competition among nations. We also consider the influence of the leading state, the hegemon, on interstate relations. We investigate this aspect of leading realist theories with measures of the relative power of the hegemon, states' satisfaction with the status quo, and the hegemon's sense of its own security.

Historical Domain, Key Variables, and Sources of Data

As our analysis spans the years 1885 to 1992, it enables us to examine the effects of democracy, economic interdependence, and international organizations over a long period before the cold war and for a few years after. Realists often contrast the dynamics of bipolar and multipolar systems, though there is disagreement over their consequences for interstate relations. By Waltz's criteria, the international system was multipolar for the centuries preceding 1945 but bipolar during the cold war.[22] And the current, post-Soviet world is neither bipolar nor multipolar but perhaps is best understood as unipolar, at least as measured by

[21] Identified by W. S. Robinson, "Ecological Correlations and the Behavior of Individuals," *American Sociological Review* 15, no. 3 (1950). On how some inferences can be made, see Gary King, *A Solution to the Ecological Inference Problem* (Princeton: Princeton University Press, 1997).

[22] Kenneth Waltz says that it is the power of the units (states) themselves that defines polarity and not the number or power of the alliances they lead; see Waltz, *Theory of International Politics* (Reading, Mass.: Addison-Wesley, 1979), 98–99. Thus the formation of two opposing alliance systems prior to World War I did not change the structure of the multipolar system. Waltz's emphasis on the systemic

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the relative power of the United States (in its capabilities if not in its will to control or shape events). These theoretically based distinctions require us to consider the effects of the Kantian variables within different international structures, though evaluation of the post–cold war era necessarily remains tentative.

We omit from our analyses all but the first year of both World War I and World War II, because bilateral trade data for those years are fragmentary, as they are for the immediate postwar years, 1919–20 and 1946–49. Omitting all but the first year of the world wars, which consisted of conflicts between democracies and autocracies or between two autocracies, biases our results against finding evidence of the democratic peace, but it also provides assurance that our results are not determined by these dramatic but atypical events.[23] Most of our variables and data are discussed in previous publications. Here we concentrate on what is new.

Dependent Variable: Involvement in Militarized Disputes

We use the Correlates of War (COW) data on interstate disputes (MIDs). We code each year that a dyad was involved in a dispute in which one or both states threatened to use force, made a demonstration of force, or actually used military force against the other. The variable DISPUTE equals 1 if a dispute was ongoing and 0 if not. Some researchers urge that only the initial year of a dispute be noted since a dispute in one year increases the chances that the dyad will experience a dispute in subsequent years.[24] This procedure eases some problems but raises others. If leaders are rational, as all our theories assume, they will frequently reevaluate their positions, whether to escalate, deescalate, or maintain the existing strategy. We agree with Blainey: "The beginning of wars, the prolonging of wars and the prolonging or shortening of pe-

effects of nuclear weapons would also imply a break between 1945 and all previous years of modern history. Dating the end of the bipolar cold war system is more problematic. Waltz's definition would argue for a break at the end of 1991, when the Soviet Union was dissolved. But William Dixon and Stephen Gaarder show a decisive shift in the pattern of Soviet-American conflict in 1988; see Dixon and Gaarder, "Presidential Succession and the Cold War: An Analysis of Soviet-American Relations, 1948–1992," *Journal of Politics* 54, no. 1 (1992).

[23] Farber and Gowa (fn. 3) express this concern.

[24] Stuart A. Bremer, "Dangerous Dyads: Conditions Affecting the Likelihood of Interstate War," *Journal of Conflict Resolution* 36, no. 1 (1993); Katherine Barbieri, "International Trade and Conflict: The Debatable Relationship" (Paper presented at the annual meeting of the International Studies Association, Minneapolis, Minn., February 1998); Nathaniel Beck, Jonathan Katz, and Richard Tucker, "Taking Time Seriously in Binary Time-Series-Cross-Section Analysis," *American Journal of Political Science* 42, no. 4 (1998). See, however, our comment in fn. 49 below.

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riods of peace all share the same causal framework. The same explanatory framework and the same factors are vital in understanding each state in the sequel of war and peace."[25] Moreover, we investigated 166 multiyear disputes during the post–World War II era and found that more than half involved a change in the level of force employed over the course of the dispute or that a new dispute arose as the first was concluding. Thus we report analyses of states' involvement in disputes rather than of just their onset; but as in earlier studies of the cold war era,[26] we reestimated key analyses using only the first year of disputes without finding material differences from those reported below.

Dyadic Independent Variables

We lag all independent variables by one year to ensure that they were not affected by a dispute to be explained. For some explanatory variables this precaution is clearly important; for example, conflict may limit trade just as trade may constrain conflict. A similar reciprocal relationship can be imagined for international organizations and conflict, as many IGOs—though hardly all—are formed among states that maintain peaceful relations. For other variables such considerations are irrelevant. Geographically proximate countries are prone to conflict, but the frequency of their disputes does not affect their proximity. To be consistent, however, we lag all the independent variables. This precaution does not put to rest all questions about the direction of causality, but it is a reasonable step at this time.[27] All the variables are listed by their acronyms in the appendix.

DEMOCRACY

We use the Polity III data to compute a summary measure of the political character of regimes, subtracting every country's score on the autocracy scale from its score on the democracy scale. The resulting variable (DEM_1) ranges from −10 for an extreme autocracy to +10 for the most democratic states. Because a dispute can result from the actions of a single state, the likelihood of conflict is primarily a function of the degree of constraint experienced by the less constrained state in each dyad. As that state is the weak link in the chain of peaceful

[25] Geoffrey Blainey, *The Causes of War*, 3d ed. (New York: Free Press, 1988).

[26] Oneal and Russett (fn. 6, 1999).

[27] Kim (fn. 6), using a simultaneous equation model, finds that the effect of trade on conflict is much stronger than the reciprocal one. Russett, Oneal, and Davis (fn. 6) construct a model for predicting IGO membership that includes, among other factors, the absence of conflict. There is an effect, but it is weaker than the influence of IGOs on conflict.

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relations,[28] we expect that the less democratic state (DEM_L) in a dyad is the stronger determinant of interstate violence. Conversely, the more democratic that state, the more constrained it will be from engaging in a dispute and the more peaceful the dyad. In previous analyses we found, as Kant had expected, that the *difference* between states' political regimes also affects the likelihood of conflict. Democratic-autocratic dyads were the most conflict-prone in the cold war era; two autocracies were less likely to fight, and two democracies were the most peaceful. We reconsider these findings below.

The Polity III regime scores exhibit some problems of comparability over time. Until 1918 about 40 percent of British males (disproportionately working class) were disfranchised by residence requirements; female suffrage was granted partially in 1918 and fully only in 1928.[29] In the United States women obtained the vote only in 1920, and blacks were systematically excluded until the 1960s. Swiss women achieved the franchise only in 1971. Some of these changes are reflected in the Polity data and hence in rising levels of democracy in the international system. For example, the United Kingdom goes from 6 to 7 on the democracy scale in 1880, to 8 in 1902, and jumps to 10 only in 1922. But Switzerland is coded at 10 from 1848, as is the United States from 1871. The consequences of these restrictions on political participation for foreign policy may not be trivial. In the contemporary United States, for example, women are significantly more averse to the use of military force than are men and vote in part on this basis.[30] Thus the exclusion of women from the franchise in earlier periods could have profoundly reduced the tendency of even the most "democratic" states to avoid conflict.

[28] William J. Dixon, "Democracy and the Peaceful Settlement of International Conflict," *American Political Science Review* 88, no. 1 (1994).

[29] Trevor Wilson, *The Myriad Faces of War: Britain and the Great War, 1914–1918* (Cambridge, England: Polity Press, 1986), 660–61; Kenneth MacKenzie, *The English Parliament* (Harmondsworth: Penguin, 1950), 106.

[30] Carole Kennedy Chaney, R. Michael Alvarez, and Jonathan Nagler, "Explaining the Gender Gap in U.S. Presidential Elections," *Political Research Quarterly* 51, no. 2 (1998). To take such changes into account, Zeev Maoz uses an adjusted threshold of democracy for all countries that shifts upward in 1870 (for general male suffrage) and 1920 (female suffrage); see Maoz, *Domestic Sources of Global Change* (Ann Arbor: University of Michigan Press, 1996), 54. Our use of unadjusted democracy scores thus leans against our hypothesis of democratic peace before World War I. Kristian Gleditsch and Michael Ward note that our continuous measure, Democracy minus Autocracy score, has the virtues of being symmetric and transitive; but the relative importance of its components is unstable over time; see Gleditsch and Ward, "Double Take: A Re-examination of Democracy and Autocracy in Modern Polities," *Journal of Conflict Resolution* 41, no. 3 (1997). For the period 1880–1969 this aggregated measure is largely influenced by the degree of competition for executive recruitment; subsequently constraints on the executive are the main determinant. Fortunately the relatively stable earlier period covers all the pre–cold war years we add here. As no analysis of the democratic peace after World War II has yet addressed the 1969 break, we too leave that for later investigation.

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ECONOMIC INTERDEPENDENCE

For most of the post–World War II era the measurement of this Kantian variable is straightforward, because the International Monetary Fund reports statistics regarding bilateral trade. Since trade is expected to influence dyadic relations only if it is economically important, we divide the sum of a country's exports and imports with its partner by its GDP, as reported in the standard references for the years after 1950.[31] As with the influence of democratic institutions, we expect the likelihood of a dispute to be primarily a function of the freedom of the less constrained state to use force, that is, the bilateral trade-to-GDP measure of the state less dependent economically on trade with its dyadic partner (DEPEND_L). We also report tests for a positive effect of asymmetric dependence on conflict, as proposed by dependency theorists.

When we move back to the years before World War II, however, national economic data become more problematic. During the years 1920–38 the League of Nations compiled contemporary data on bilateral trade in current values, along with exchange rates.[32] While the accuracy and the comparability of these data are undoubtedly less than in the later IMF reports, they are the best available. There are no institutional compilations of trade data for the years of the two world wars, nor for the period before 1914. Before World War I the annual editions of *The Statesman's Yearbook*[33] offer the closest approximations, but these data are less standardized, the appropriate exchange rates for converting the data to a common unit are less certain, and more data are missing.[34]

[31] International Monetary Fund, *Direction of Trade (ICPSR 7623)* (Washington, D.C.: IMF, 1993; distributed by Ann Arbor, Mich.: Inter-University Consortium for Political and Social Research). Robert Summers et al., *The Penn World Table (Mark 5.6a)* (Cambridge, Mass.: National Bureau of Economic Research, 1995). Due to missing data for trade and/or GDP, the great majority of dyads involved in the Korean and Vietnam Wars are omitted, as are most Arab-Israeli dyads. Since most of those are conflicting democratic-autocratic dyads with no trade, our analysis is likely to be biased against the liberal hypotheses. Because these conflicts spanned several years, excluding these cases mitigates the problem of temporal dependence in the time series, as does omitting all but the first year of the world wars. Also omitted are roughly 2,500 communist dyad-years: non-IMF members. These states traded among themselves but did not report it to the IMF and generally had little conflict. Had we been able to include them, the post–1950 sample would have been increased by only about 2 percent.

[32] League of Nations, *International Trade Statistics* (Geneva: League of Nations, annual volumes).

[33] Martin Epstein, ed., *The Statesman's Yearbook, 1913* (London: Macmillan, 1913), and earlier annual editions by other editors.

[34] We took several steps to minimize missing trade data in this period. We used information regarding one state's exports to another to infer its partner's imports; we interpolated between known values of trade and used the average value of a dyad's trade to extrapolate; and we assumed, for those states for which we had data, that there was no trade between any two if neither reported any exports or imports with the other. As a result we have trade data for 61 percent of the dyads 1885–1913 and 1920–38. We conducted several tests to see if these methods might have biased our results. First we dropped all zero values of trade, and then we dropped all interpolations and extrapolations. Analyses with the remaining "real" data, 1885–1940, revealed little change in the results. We also determined

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Because of these difficulties we collected alternative estimates for bilateral trade in the 1885–1949 period, compared them with the data from *The Statesman's Yearbook* and the League of Nations, and adjusted the data from our principal sources as appropriate.[35]

Information on dyadic trade, the numerator of the dependence measure, is only half of the problem for the pre-1950 era, however. To calculate the economic importance of trade we need estimates of nations' gross domestic products. No comprehensive collection of GDP data exists, but Maddison provides estimates in constant dollars for fifty-six countries in all regions of the world for 1870–1992.[36] We used these in a two-step procedure to estimate the GDPs in current dollars for a large number of countries. First, we regressed Maddison's constant dollar GDP estimates on states' total annual energy consumption, the region where they were located, the year, and various interactive terms. Annual energy consumption, collected by the Correlates of War (COW) project, is a good correlate of the size of national economies, as Morgenstern, Knorr, and Heiss noted twenty-five years ago.[37] More than 93 percent of the variance in Maddison's GDPs was explained. Based on the coefficients in this analysis, we were able to estimate the constant dollar GDPs for a large number of other countries. Second, we converted these constant dollar estimates to current dollars, using Maddison's U.S. dollar GDP deflator.

JOINT IGO MEMBERSHIPS

The influence of international organizations on interstate conflict, the last Kantian variable, is assessed by the number of IGOs in which both

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that the sample of dyads for which we have trade data is unlikely to be biased. To do this, we created a variable (MISSING) that equaled 1 if DEPEND_L was missing and 0 otherwise and then changed all missing values of DEPEND_L to zero. We then estimated equation 1 below with the variable MISSING added. It was not statistically significant, indicating that the incidence of disputes among the dyads for which trade (or GDP) data are missing does not differ from that for the dyads for which data are available.

[35] These include volumes by Brian R. Mitchell for each region of the world and for the United Kingdom (Cambridge: Cambridge University Press, various years); U.S. Department of Commerce, *Historical Statistics of the United States: Colonial Times to 1970* (New York: Basic Books, 1976); and Katherine Barbieri's data posted at http://pss.la.psu.edu/TRD_DATA.htm. Exchange rates come from U.S. Federal Reserve Bank sources, *The Statesman's Yearbook*, and Global Financial Data Company, www:globalfindata.com.

[36] Angus Maddison, *Monitoring the World Economy, 1820–1992* (Paris: Organization for Economic Cooperation and Development, 1995). His U.S. dollar GDP deflator is found in Maddison, "A Long Run Perspective on Saving" (Manuscript, Institute of Economic Research, University of Groningen, October 1991).

[37] Oskar Morgenstern, Klaus Knorr, and Klaus P. Heiss, *Long Term Projections of Power: Political, Economic, and Military Forecasting* (Cambridge, Mass.: Ballinger, 1973); and also John R. Oneal, "Measuring the Material Base of the East-West Balance of Power, *International Interactions* 15, no. 2 (1989).

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states in a dyad share membership, as reported by the *Yearbook of International Organizations*.[38] Simply counting joint memberships (ranging from 0 to over 130 for some dyads in recent years) is far from an ideal measure of the importance and effectiveness of international organizations. It includes organizations that are weak and strong, regional and global, functional and multipurpose. Ideally the total should be broken down and some organizations given special weight, but this is hard to do as a practical matter and there is little theory to guide the attempt. For now we use the simple count of joint memberships in intergovernmental organizations; this variable is labeled IGO.

CAPABILITY RATIO

The first of the realist constraints on states' use of military force is relative power, specifically the balance of power within a dyad. The idea that an equal balance of power may deter conflict has deep historical roots, as does the idea that a preponderance of capabilities is more likely to preserve the peace by reducing uncertainty as to which side would win a contest of arms. Recent empirical work suggests, however, that it is preponderance that deters military action.[39] Our index of relative power (CAPRATIO) is the natural logarithm of the ratio of the stronger state's military capability index to that of the weaker member in each dyad. We make these calculations using the COW data on population, industry, and military forces.[40]

ALLIANCE

Allies are generally thought to fight each other less than other states because they share common security interests. They often share other political and economic interests as well. We control for this influence using a variable (ALLIES) that equals 1 if the members of a dyad were linked by a mutual defense treaty, neutrality pact, or entente; it equals 0 otherwise.[41]

[38] We extended the data from the sources in Russett, Oneal, and Davis (fn. 6).

[39] Bremer (fn. 24); Jacek Kugler and Douglas Lemke, eds., *Parity and War: Evaluations and Extensions of the War Ledger* (Ann Arbor: University of Michigan Press, 1996). Waltz (fn. 22), 117–23, reviews the balance of power literature and states his own version.

[40] Data are from J. David Singer and Melvin Small, *National Military Capabilities Data* (Ann Arbor: University of Michigan, Correlates of War Project, 1995); the date of final modification of the data was December 28, 1994.

[41] We updated J. David Singer, *Alliances, 1816–1984* (Ann Arbor: University of Michigan, Correlates of War Project, 1995), with material from N. J. Rengger, with John Campbell, *Treaties and Alliances of the World*, 6th ed. (New York: Stockton, 1995).

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CONTIGUITY AND DISTANCE

The potential for interstate violence exists when at least one member of a dyad can reach the other with effective military force. For most states the ability to do so is determined foremost by geographic proximity, especially as one goes farther back in history. Furthermore, neighbors are likely to have the most reasons to fight—over territorial boundaries, natural resources, the grievances of cross-border ethnic groups, and so on. Thus the constraint of distance reduces the capability to fight and most of the incentives to do so as well; this finding is extremely strong in previous research.

Accordingly, we include two different terms in our regression analyses to capture this effect as fully as possible. DISTANCE is the natural logarithm of the great circle distance in miles between the capitals of the two states (or between the major ports for the largest countries); using the logarithm acknowledges a declining marginal effect. Additionally we include NONCONTIG, a measure that equals 1 if two states are not directly or indirectly contiguous (via colonies or other dependencies). It equals 0 if they share a land boundary or are separated by less than 150 miles of water. Because of the widespread nature of colonial empires, these two measures are not highly correlated ($r^2 = 0.21$), especially up to World War II. The effect of distance in constraining conflict, however, is less for the great powers: those with the land, sea, or (in the last half-century) air capability to deliver substantial forces or destructive power globally. The COW project has identified these major powers on the basis of a consensus of historians. To give full consideration to realists' concerns, we add a third variable, MINORPWRS, coded 1 if a dyad is composed of minor powers and 0 for those that include at least one great power. (To be consistent with our view that conflict is endemic but subject to constraints, we reverse the terminology and coding of the last two variables from those in previous research reports where we used CONTIG and MAJOR. This has no effect on our statistical analyses, other than to reverse the sign of the coefficients. Note that some contiguous dyads also include one or two major powers.)

In most of the analyses below, we include all possible pairs of states for which information is available, using COW data regarding membership in the international system to generate these cases. Thus we do not limit our study to the politically relevant dyads, identified as contiguous states and dyads containing at least one major power. We continue to believe that such a restriction makes good theoretical sense, however. These dyads are much more likely to engage in military disputes. Polit-

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ically relevant dyads constitute just 22 percent of all the dyads for which we have data; nevertheless they account for 87 percent of all the disputes. In other words, the politically relevant dyads are twenty-four times more likely to experience a militarized dispute than are those we have deemed to be "irrelevant." And some disputes among these other dyads are contagion effects of being drawn into conflicts through alliance commitments. We include all dyads in most of the analyses reported below to be sure we are not ignoring the causes of these other disputes,[42] but we also explore the consequences of including the nonrelevant pairs.

Systemic Independent Variables

KANTIAN SYSTEMIC AND RELATIVE DYADIC MEASURES

To clarify the influence of the international system on the likelihood of dyadic conflict, we create three system-level Kantian variables and three realist variables, the latter designed to capture the hegemon's effect on interstate relations. The three Kantian variables are straightforward derivations of our basic measures: we simply computed the means of DEM, DEPEND, and IGO for each year. These are the measures (omitting the years of the world wars) graphed in Figure 1. In the analyses below, they are identified as AVGDEM, AVGDEPEND, and AVGIGO. We hypothesize that the greater these systemic measures, the more the global system will reflect the normative and institutional constraints associated with democracy, interdependence, and the rule of law. It is also possible to assess the standing of each dyad in each year relative to our three annual Kantian averages. Thus we calculated three relative dyadic measures: $\text{RELDEM}_L = (\text{DEM}_L - \text{AVGDEM})$ / the standard deviation of DEM; $\text{RELDEPEND}_L = (\text{DEPEND}_L - \text{AVGDEPEND})$ / the standard deviation of DEPEND; and RELIGO = (IGO − AVGIGO) / the standard deviation of IGO. These measures identify the dyads that were most democratic, interdependent, and involved in intergovernmental organizations at each point in time. By dividing by the standard deviations, we can directly compare these estimated coefficients. Combining systemic and relative measures in a single equation allows us to compare the effect of changing values of the Kantian variables through time versus the standing of dyads cross-sectionally relative to

[42] As recommended by William Reed, "The Relevance of Politically Relevant Dyads"(Paper presented at the annual meeting of the Peace Science Society [International], New Brunswick, N.J., October 1998).

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the annual means. We expect the systemic and relative variables to make independent contributions to the frequency of dyadic disputes.

REALIST SYSTEMIC MEASURES

Hegemony. We also create three systemic variables associated with prominent realist theories regarding the hegemon's influence on international relations. Hegemonic-stability theory postulates that the most powerful state in the system, the hegemon, has the ability to constrain weaker states from resorting to violence.[43] This power to keep the peace might be manifested as dominance within the hegemon's sphere of influence and the ability to deter adversaries from using military force in a way detrimental to its interests. A crude but reasonable measure of the power of the leading state is its share of all the major powers' capabilities in each year. As before, we use COW data to make this calculation.

Identification of the hegemon is not obvious in all cases. Through much of recent history it is not clear whether any state was truly hegemonic.[44] It is generally agreed that in the thirty years before World War I the United Kingdom was closer than any other country to being hegemonic, although its power relative to both Germany and the United States was declining. During the interwar era the United States clearly had greater economic strength and military potential than the United Kingdom; but its actual military power was only about equal. Moreover, its geographic position and isolationist policy limited its involvement in the Central European system. Consequently, we accept Organski and Kugler's judgment that Britain was the hegemon in the interwar period as well.[45] In the post–World War II years, if any state can be said to have been hegemonic, it is the United States. Hence we use the proportion of capabilities held by the United Kingdom as the measure of the hegemon's power in the first sixty years analyzed and that of the U.S. after 1945. Our systemic indicator (HEGPOWER) has reasonable face validity, declining from 33 percent in 1885 to 14 percent in 1913, and dropping under 11 percent by 1938. America's hegemony is manifest immediately following World War II, when it controlled 52 percent of the major powers' capabilities. This declined

[43] Robert Gilpin, *War and Change in World Politics* (Cambridge: Cambridge University Press, 1981).

[44] Bruce Russett, "The Mysterious Decline of American Hegemony, or, Is Mark Twain Really Dead?" *International Organization* 32, no. 2 (1985).

[45] A. F. K. Organski and Jacek Kugler, *The War Ledger* (Chicago: University of Chicago Press, 1980). On measurement, see David Sacko, "Measures of Hegemony" (Paper presented at the annual meeting of the Peace Science Society [International], New Brunswick, N.J., October 1998).

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to 26 percent by the early 1980s but rose to 29 percent with the collapse of the Soviet Union.

Satisfaction with the status quo. The power-transition theory originally advanced by Organski consists of propositions not only about the constraining influence of an imbalance of power but also about the role played by states' satisfaction with the status quo. States rising in power will challenge a hegemon only if they are dissatisfied with the international system it dominates. Lemke and Reed extend this rationale in an effort to subsume the democratic peace within power-transition theory.[46] They contend that democracies have fought less historically because the hegemon has been democratic since the end of the Napoleonic Wars. First Britain and then the United States, it is argued, used its power to construct an international system that provided benefits to itself and its mostly democratic allies. Thus democracies' satisfaction with the status quo created by the most powerful democratic state and reinforced by its system of alliances accounts for the peace among democratic dyads. Like Lemke and Reed, we assess this view by computing a measure of each state's satisfaction with the status quo based on the correspondence between its portfolio of alliances and that of the hegemon, as indicated by the tau-b measure of statistical association. Then we multiply the scores of the two states in a dyad to create a measure of joint satisfaction (SATISFIED).[47] This measure indicates the degree to which each dyad is content with the distribution of benefits achieved under the leadership of the dominant state.

Hegemonic tensions. Both hegemonic-stability theory and power-transition theory hold that the international system will be more peaceful when the hegemon is strong relative to its principal rivals. The hegemon may also affect the system by transmitting concerns for its own security to other states. International tensions involving the hegemonic power are likely to have consequences for its allies, its rivals, its rivals' allies, and even neutral states. "When elephants fight, the grass gets trampled," as the adage goes. It is also possible, to extend the metaphor, that when small animals fight, big ones will be drawn in. Large states may intervene in ongoing conflicts because they see an opportunity to achieve gains or avoid losses. Either way, international ten-

[46] Lemke and Reed (fn. 3).

[47] We added 1 to each state's tau-b score to make it positive. The tau-b index of the similarity of alliance portfolios was introduced by Bruce Bueno de Mesquita, "Measuring Systemic Polarity," *Journal of Conflict Resolution* 19, no. 2 (1975). It was adapted as a dyadic measure of satisfaction by Woosang Kim, "Alliance Transitions and Great Power War," *American Journal of Political Science* 35 (1991), and subsequently used by Lemke and Reed (fn. 3).

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sions may be contagious. To assess this view, we created a measure of the hegemon's sense of its own security, calculating its defense spending as a share of its GDP (HEGDEF).[48] We hypothesize that the global system will experience more numerous disputes when the hegemon is committing more of its resources to the military. In such times, the hegemon presumably perceives greater threats to its interests. To assess the scope of contagion, we consider whether involvement in disputes rises mostly for the hegemon itself, for the hegemon and its allies, or for unallied states.

Results

We evaluate the Kantian peace, 1885–1992, employing logistic regression analysis. First we assess the effects of democracy, interdependence, and IGOs using a simple dyadic specification. In this view the likelihood of conflict is primarily determined by the state less constrained economically or politically. We also consider the degree to which the political and economic characteristics of the other member of a dyad affect the likelihood of a militarized dispute. Next we disentangle the systemic and cross-sectional influences of the Kantian variables on dyadic conflict. We consider the effects of trends in the underlying variables and each dyad's degree of democracy, interdependence, and involvement in IGOs relative to these annual systemic averages. Finally we investigate central realist tenets regarding the role of the leading state in the international system.

We examine the involvement in militarized interstate disputes of nearly 6,000 pairs of states observed annually, for a total of almost 150,000 observations. Because of the lagged variables the analysis begins with disputes in the year 1886 that are explained by reference to conditions in 1885. As noted earlier, we do not consider the two world wars after the first year of conflict or the immediate postwar years; that is, we exclude disputes for 1915–20 and 1940–46.

Unless otherwise indicated, we estimate the coefficients in our regression equations using the general estimating equation (GEE) method. We adjust for first-order autoregression (AR1) and estimate statistical significance using robust standard errors that take into account the clustering of our data by dyads. Thus we respond to the con-

[48] Military expenditure is a component of the COW index of militarily relevant capabilities. On the validity of our measure, see John R. Oneal and Hugh Carter Whatley, "The Effect of Alliance Membership on National Defense Burdens, 1953–88," *International Interactions* 22, no. 2 (1996). Changes in this index for the hegemon's military burden correlate highly with changes in the average military burden for all the major powers.

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cerns raised by Beck, Katz, and Tucker. We rely on GEE rather than on their recommended solution for temporal dependence because of doubts about its appropriateness, especially given the strong, theoretically specified relation between trade and the time elapsed since a dyad's last dispute.[49] We have, however, reestimated our key equations using their method as a check on our findings. Because our hypotheses are directional and we have corrected for these violations in the assumptions underlying regression analysis, we report one-tailed tests of statistical significance.

Evaluating the Kantian Peace Using the Weak-Link Specification

Our first test is the simplest. We expect the likelihood of conflict to be primarily a function of the degree to which the less constrained state along each of several dimensions is free to use military force. This is the weak-link assumption that this state is more likely to precipitate a break in the peace: the less the political or economic constraints on that state's use of force, the greater the likelihood of violence. Consequently we include the lower democracy score and the lower bilateral trade-to-GDP ratio. The number of joint memberships in international organizations is inherently a dyadic measure; it completes the Kantian specification. We include in the regression equation a measure of the dyadic balance of power and an indicator of whether the members of a dyad are allied. We also control for the distance separating the two states, whether or not they are contiguous, and whether both are minor powers.[50] Our first equation then takes the form:

$$\text{DISPUTE} = \text{DEM}_L + \text{DEPEND}_L + \text{IGO} + \text{ALLIES} + \text{CAPRATIO} + \text{NONCONTIG} + \text{DISTANCE} + \text{MINORPWRS} \quad (1)$$

The results of estimating equation 1, found in the first column of Table 1, provide strong support for the pacifying influence of democ-

[49] On GEE, see Peter J. Diggle, Kung-Yee Liang, and Scott L. Zeger, *Analysis of Longitudinal Data* (Oxford: Clarendon Press, 1994). We used the computing algorithms in StataCorp, *Stata Statistical Software*, Release 5.0 (College Station, Tex.: Stata Corporation, 1997). For Beck, Katz, and Tucker's methods, see fn. 24. We express our doubts that the effects of the theoretical variables and of time are separable, as Beck, Katz, and Tucker's method requires, in Oneal and Russett (fn. 6, 1999). GEE allows for temporal dependence in the time series but gives the theoretical variables primacy in accounting for interstate disputes. Beck, Katz, and Tucker introduce the PEACEYRS variables into the estimation process as coequals of the theoretical variables. See also D. Scott Bennett, "Parametric Methods, Duration Dependence, and Time-Varying Data Revisited," *American Journal of Political Science* 43, no. 1 (1999).

[50] Our recent specifications are found in Oneal and Russett (1997); and Russett, Oneal, and Davis (fn. 6). The controls, from Oneal and Russett (fn. 6, 1999), draw on Barbieri (fn. 24).

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TABLE 1

MODELS OF THE KANTIAN PEACE, 1886–1992: PREDICTING INVOLVEMENT IN MILITARIZED DISPUTES

Variable	*1. 1886–1992 Simplest, All Dyads*	*2. 1886–1992 Peaceyears Correction*	*3. 1886–1939 All Dyads*	*4. 1886–1992, Politically Relevant Dyads*
Lower democracy	−0.0658***	−0.0628***	−0.0568***	−0.0595***
(DEM_L)	(0.0106)	(0.0093)	(0.0106)	(0.0106)
Trade/GDP	−57.8650***	−31.0726**	−43.2490**	−35.2394**
($DEPEND_L$)	(15.4901)	(10.6036)	(16.2861)	(12.3044)
International organizations	−0.0010	0.0160#	0.0068	−0.0068*
(IGO)	(0.0379)	(0.0042)	(0.0068)	(0.0039)
Capability ratio	−0.2337***	−0.1913***	−0.3638***	−0.2747***
(CAPRATIO)	(0.0502)	(0.0401)	(0.0664)	(0.0516)
Alliances	−0.2511	−0.3691**	−0.1727	−0.2822*
(ALLIANCES)	(0.1659)	(0.1574)	(0.1905)	(0.1677)
Noncontiguity	−2.0038***	−1.5864***	−1.3357***	−1.118***
(NONCONTIG)	(0.1836)	(0.1532)	(0.1844)	(0.1724)
Log distance	−0.4647***	−0.3615***	−0.3536***	−0.2610***
(DISTANCE)	(0.0571)	(0.0498)	(0.0620)	(0.0605)
Only minor powers	−1.8392***	−1.7208***	−1.8342***	−0.6754***
(MINORPWRS)	(0.1706)	(0.1351)	(0.1904)	(0.2082)
Constant	−1.9349***	−1.6174***	−2.2235***	−1.5765***
	(0.4731)	(0.4060)	(0.5316)	(0.4992)
Chi^2	1354.80	1920.45	494.98	193.43
P of Chi^2	0.0000	0.0000	0.0000	0.0000
Log Likelihood		−5732.4260		
Pseudo R^2		0.284		
N	149,373	149,404	33,346	33,334

*p<.05; **p<.01; ***p<.001, one-tailed tests; #p<.001, one-tailed test but wrong sign

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racy and trade: the more democratic the less democratic state in a dyad and the more economically important is trade, the greater is the likelihood of peace. The lower democracy and dependence measures are both significant at the .001 level. The number of joint memberships in IGOs, however, does not have a statistically significant effect on conflict in this specification ($p < .40$). This is a consequence of two things: the inclusion of all possible dyads in the analysis (not just those thought to be politically relevant) and the rapid growth in the number of international organizations over time. The realist variables perform generally as expected, though the indicator of alliance is only significant at the .07 level: (1) a preponderance of power rather than a balance deters conflict; (2) contiguous states are prone to fight, as are those whose homelands are geographically proximate; and (3) major powers are involved in disputes more than are smaller states. All these variables are significant at the .001 level.[51] Using the onset (or first year only) of a dispute as the dependent variable produced nearly identical results.

Column 2 of Table 1 shows the results of estimating equation 1 using Beck et al.'s correction for temporal dependence in the time series. The coefficients and significance levels are usually similar. The most notable exception involves the variable IGO. Its coefficient is now not only positive but nearly four times its standard error.[52]

To see if the pacific benefits of the Kantian variables are limited to the cold war era, we first reestimated equation 1 for just the early years, 1886–1914 and 1921–39 using GEE. The results appear in column 3. Comparing them with column 1 shows much the same pattern as the analysis for all years. Both the lower democracy score ($p < .001$) and the smaller bilateral trade-to-GDP ratio ($p < .004$) are highly significant.

[51] To test the robustness of these results, we estimated separate regressions for each theoretically interesting variable with just the controls for distance, contiguity, and major-power status. The signs and significance levels were consistent with those in the multivariate regressions, with one exception. Joint IGO memberships significantly ($p < .001$) reduced conflict in the restricted analysis. We also reestimated equation 1 after dropping the measure of economic interdependence because this variable has the most missing values. The pacific benefits of democracy remained strong ($p < .001$). Joint membership in IGOs, too, was significantly associated with a reduction in conflict ($p < .02$) when DEPEND_L was omitted. Not surprisingly, interdependent states share memberships in international organizations.

[52] We suppress coefficients for the four spline segments to save space. All are significant ($p < .001$). In this equation, and others presented subsequently, the coefficients for IGOs are the only ones not robust to the different methods for adjusting for temporal dependence. As our results suggest, joint membership in IGOs is most correlated of the three Kantian variables with the years of peace since a dyad's last dispute. Our methodological preference for GEE preceded our work on IGOs. We also estimated equation 1 using conditional or fixed effects logistic regression. Greater democracy ($p < .001$) and interdependence ($p < .05$) continued to be associated with peaceful dyadic relations, as was the existence of an alliance. Joint membership in IGOs and a greater capability ratio increased the prospects of conflict. These results are based on the 20,289 observations for dyads that experienced at least one dispute; 129,092 cases were dropped because the dependent variable always equaled zero.

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Democracy and interdependence had strong peace-inducing effects during the multipolar period after 1885 and before the cold war. The benefits of democracy are strongest in the interwar years, but, as Gowa[53] also reports, by the decade leading to World War I democracies had become less likely to engage in militarized disputes with each other—an important shift that is obscured by using the years 1886–1914 as the period of analysis. In light of this evidence, the absence of democratic peace in the nineteenth century—not its presence in the cold war era—becomes the anomoly to be explained. The answer may lie more in the lower inclusiveness of democratic politics in that century than in characteristics of the international system.

Our measure of joint memberships in IGOs is insignificant for the period 1885–1939. The other coefficients in equation 1 are reasonably similar for the early years and the entire period. The effect of alliances before 1940 is even weaker ($p < .19$) than when all years are considered.

We also estimated equation 1 after creating an indicator for the 1989–92 post–cold war years and forming interactive terms with each of the three Kantian variables. The results indicate that the influence of democracy has not changed in this short span of time and the benefits of interdependence have been reduced, but IGOs are more important constraints on the threat or use of force.

In the past we limited our analyses to the politically relevant states, in the belief that the relations of most other dyads are not importantly influenced by the political and economic influences we have modeled. To see how including all possible pairs of states affects our results, we reestimate equation 1 using just the contiguous pairs of states and those that contain at least one major power—the politically relevant dyads—for all years, 1885–1992. This excludes dyads that in the great majority of cases had no reasonable opportunity to engage in armed conflict because the states were too far apart and had few issues over which to fight.

The last column of Table 1 provides strong support for the pacific benefits of all three elements of the Kantian peace. For the dyads most prone to conflict, joint membership in international organizations does reduce the likelihood of conflict ($p < .04$). The benefits of democracy ($p < .001$) and interdependence ($p < .002$) remain apparent. These results for the extended period, 1886–1992, are consistent with those in Russett, Oneal, and Davis, where only the years 1950–85 were considered; and they are more significant statistically.[54]

[53] Gowa (fn. 3), 98–100.

[54] Oneal, Russett, and Davis (fn. 6). Farber and Gowa (fn. 3), 409, analyze lower-level MIDs for 1816–1976 and find that democracy significantly affects the likelihood of conflict only after 1919.

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Our tests with all possible pairs understate the pacific benefits of IGOs because most of these dyads do not have significant political-military relations. The probability that a nonrelevant dyad will become involved in a dispute is only 1/18 that of a major-power pair; it is 1/44 that of a contiguous dyad. Democracy, interdependence, and involvement in IGOs constrain states from using force; but if there is no realistic possibility of two states engaging in conflict, then the absence of these constraints will not increase the incidence of violence. With all dyads included a large number of false negatives obscures the hypothesized relationship. The theoretically interesting variables in equation 1 are simply irrelevant in explaining the state of relations, such as they are, between Burma and Ecuador, for example. Including numerous irrelevant dyads can bias the results, as we have recently shown with regard to trade.[55]

With logistic regression, the easiest way to show the substantive effects of the variables is to estimate the probability of a militarized dispute for various illustrative dyads. The same procedure is often used in epidemiological studies. For example, epidemiologists report the effect of various risk factors on the probability that an individual will contract lung cancer. As in our analyses, some of their independent variables are not subject to intervention (for example, age, heredity, gender; and for us distance and contiguity), while others are amenable to some degree of "policy" control (for example, diet, exercise, smoking; and for us alliances, democracy, interdependence, and IGOs). By statistical inference they, and we, can estimate the reduction in the probability of an event occurring if any one risk factor for a typical individual were different by a given amount.

For this, we calculated a baseline probability against which to make comparisons. We assumed the dyad is contiguous, because these states

However, using interactive terms for years, we find evidence of democratic peace by 1900. Earlier than that even the most democratic states were not democratic by contemporary standards. As democracy developed, the common interests of democracies and their antagonisms with authoritarian states may have become more substantial. Support for the benefits of democracy in Farber and Gowa's analyses is weakened by their decision to exclude consideration of all years of the world wars. Due to possible simultaneity problems, they do not control for alliances. Since alliances show little impact in our analyses, this may not matter. For results for trade that agree with ours, see Christopher Way, "Manchester Revisited: A Theoretical and Empirical Evaluation of Commercial Liberalism" (Ph.D. diss., Stanford University, 1997). For results that differ from ours, see Barbieri (fn. 24); and idem, "Economic Interdependence: A Path to Peace or a Source of Interstate Conflict?" *Journal of Peace Research* 33, no. 1 (1996). Our analyses to date indicate that this is primarily due to our different measures of interdependence: Barbieri does not weight trade by its contribution to GDP. The results reported in Oneal and Russett (fn. 6, 1999) show that the pacific benefits of trade, 1950–92, are robust to several alternative specifications, samples, and estimation procedures.

[55] Oneal and Russett (fn. 6, 1999).

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are particularly prone to conflict. Then we set each continuous variable at its mean value for the contiguous dyads, except that the lower dependence score was made equal to its median value, which is more representative. We postulated that the pair of states is not allied and does not include a major power. We then estimated the annual probability that this "typical" dyad would be involved in a militarized dispute using the coefficients reported in columns 1 and 4 in Table 1. Next we changed the theoretically interesting variables in succession by adding a standard deviation to the continuous measures or by making the dyad allied.

The first two columns of Table 2 give the percentage increase or decrease in the annual risk of a dyad being involved in a dispute under these various conditions. Column 1 is based on the coefficients estimated using all dyads, and column 2 is produced with the coefficients for just the politically relevant subset of cases.[56] Looking at the results in column 1, it is apparent that democracy and interdependence dramatically reduce the likelihood of conflict. Compared with the typical dyad, the risk that the more democratic dyad will become engaged in a dispute is reduced by 36 percent. If the dyad is more autocratic, the danger of conflict is increased by 56 percent. A higher dyadic trade-to-GDP ratio cuts the incidence of conflict by 49 percent. A larger number of joint memberships in IGOs has little effect on a dyad's likelihood of conflict if all pairs of states are used in the estimation process. When analysis is limited to the politically relevant dyads, however, the benefit of joint memberships in IGOs is clear. If the number of common memberships is fifty-three rather than thirty-two, the likelihood of conflict is reduced by 13 percent. And when the analysis is limited to politically relevant pairs, the effects of democracy and economic interdependence are somewhat less than when all dyads are considered.

The substantive importance of the Kantian variables is confirmed if their effects are compared with the results of changing the realist variables. Consider again the second column of Table 2. If a state's preponderance of power is a standard deviation higher, that reduces the probability of a dispute by 31 percent, but that result would require a fourfold increase in the capabilities of the stronger state. An alliance lowers the incidence of interstate violence by 24 percent. This is substantially less than when the dyad is more democratic or with a standard deviation higher level of bilateral trade.

[56] This baseline probability is .031 among all dyads and .055 for the politically relevant pairs.

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TABLE 2
PERCENTAGE OF CHANGE IN RISK FOR ANNUAL INVOLVEMENT IN A MILITARIZED DISPUTE FOR CONTIGUOUS DYADS[a]
(1886–1992)

	Based on		
	1. Equation 1 (All Dyads)	*2. Equation 1 (Politically Relevant Dyads)*	*3. Equation 2 (All Dyads)*
DEM_L increased by 1 std. dev.	−36	−33	
DEM_L decreased by 1 std. dev.	+56	+48	
$DEPEND_L$ increased by 1 std. dev.	−49	−33	
IGO increased by 1 std. dev.	−2	−13	
CAPRATIO increased by 1 std. dev.	−27	−31	−33
ALLIES equals 1	−22	−24	−22
$RELDEM_L$ increased by 1 std. dev.			−30
$RELDEPEND_L$ increased by 1 std. dev.			−36
RELIGO increased by 1 std. dev.			−18
$AVGDEM_L$ increased by 1 std. dev.			−26
$AVGDEPEND_L$ increased by 1 std. dev.			−33
AVGIGO increased by 1 std. dev.			+3

[a] In each case other variables are held at baseline values.

We have argued that the characteristics of the less constrained state largely account for the likelihood of dyadic conflict, but the potential for violence may be significantly affected by the nature of the other dyadic member.[57] Democracies are more peaceful than autocracies at the national (or monadic) level as well as dyadically; but in our previous research we found, as Kant expected, that democracies and autocracies are particularly prone to fight one another because of the political distance separating them. Other analysts think that asymmetric interdependence may lead to conflict.[58] To evaluate these hypotheses we considered the influence of the higher democracy score and trade-to-GDP ratio, adding these variables to equation 1 both individually and as interactive terms with the lower democracy score or trade-to-GDP ratio.[59]

[57] Maoz (fn. 30); Oneal and Russett (fn. 6, 1997); Oneal and James Lee Ray, "New Tests of the Democratic Peace Controlling for Economic Interdependence, 1950–1985," *Political Research Quarterly* 50, no. 4 (1997).

[58] Robert O. Keohane and Joseph S. Nye, *Power and Interdependence: World Politics in Transition* (Boston: Little Brown, 1997); John A. Kroll, "The Complexity of Interdependence," *International Studies Quarterly* 37 (September 1993); Immanuel Wallerstein, "The Rise and Future Demise of the World Capitalist System," *Comparative Studies in Society and History* 16, no. 4 (1974); Barbieri (fnn. 24 and 54).

[59] If the effect of one variable (DEM_L, $DEPEND_L$) is thought to depend on the value of another (DEM_H, $DEPEND_H$), the test should include their interactive terms (DEM_L* DEM_H and $DEPEND_L$*

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The results, not reported in a table but available from the authors, indicated that the conflict-prone character of mixed pairs—one democracy and one autocracy—was limited to the post–World War II era. Plausibly the special institutional and ideological animosities between democrats and communists, solidified by the cold war, account for that. In the multipolar period, 1885–1939, dyads consisting of two democracies were the most peaceful after about 1900. Autocratic pairs and mixed dyads had similar rates of conflict. We found no evidence that asymmetric interdependence raised the likelihood of a militarized dispute. Increasing trade had significant pacific benefits whatever the relative size of the states involved. We did find a declining marginal utility for high levels of economic interdependence.[60]

Disentangling the Systemic and Cross-National Influences of the Kantian Measures

Estimating equation 1 indicates that the likelihood of a dispute among all dyads is a function of the lower democracy score and the lower trade-to-GDP ratio in a dyad but not of states' joint memberships in international organizations. We suggested that the failure of the IGO variable to perform as expected results partly from including large numbers of irrelevant pairs of states that have no significant political relations and lack a realistic possibility of becoming engaged in a dispute. By contrast, limiting the analysis to contiguous dyads and those containing a major power highlights the benefits of international organizations. We also noted that our measure of joint IGO membership increases rather steadily over time. This may obscure the contribution of international organizations to peaceful interstate relations by making comparisons across time less meaningful, as with nominal GDPs in periods of inflation.

The influence of IGO membership can be reconsidered by distinguishing between the frequency of states' participation in international organizations through time and the standing of individual dyads relative to this annual measure at each point in time. We decompose each Kantian variable—the lower democracy score, the lower trade-to-GDP

DEPEND$_H$). See Robert J. Friedrich, "In Defense of Multiplicative Terms in Multiple Regression Equations," *American Journal of Political Science* 26, no. 4 (1982).

[60] Analyses in which we modeled the effect of interdependence as a hyperbola suggest that the benefits of trade increase rapidly and then approach a limit asymptotically. See Mark Gasiorowski and Solomon Polachek, "East-West Trade Linkages in the Era of Detente," *Journal of Conflict Resolution* 26, no. 4 (1982).

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ratio, and the number of joint IGO memberships—into a systemic measure, the average value of states' democracy score, level of interdependence, or joint membership in IGOs (Figure 1), and a cross-sectional measure that ranks dyads relative to this annual average. The annual average of the number of joint IGO memberships (AVGIGO), for example, captures the prominence through time of international organizations, while the degree of involvement of individual dyads relative to this average (RELIGO) identifies those states that are more (or less) linked through the network of IGOs in each year.

To distinguish between the systemic and cross-sectional Kantian influences, we substitute in equation 1 AVGDEM and RELDEM_L for DEM_L, AVGDEPEND and RELDEPEND_L for DEPEND_L, and AVGIGO and RELIGO for IGO. Our second equation becomes:

$$\begin{aligned}\text{DISPUTE} = {} & \text{RELDEM}_L + \text{RELDEPEND}_L + \text{RELIGO} + \text{AVGDEM} \\ & + \text{AVGDEPEND} + \text{AVGIGO} + \text{ALLIED} + \text{CAPRATIO} \\ & + \text{NONCONTIG} + \text{DISTANCE} + \text{MINORPWRS} \qquad (2)\end{aligned}$$

Column 1 of Table 3 reports the results of estimating equation 2 using all pairs of states. All the relative and systemic Kantian variables except the annual average of states'involvement in IGOs have a negative sign, indicating that increasing values reduce the likelihood of a militarized dispute; all but AVGIGO are very significant statistically. As explained in the last section, we standardized the three relative measures to permit direct comparison of their estimated coefficients. These indicate that economically important trade has the greatest conflict-reducing benefits, followed by democracy and joint memberships in international organizations. Two of the three Kantian systemic variables also affect the incidence of dyadic disputes: the likelihood of conflict drops when there are more democracies in the system and trade is more important economically; with both variables significant at the .001 level.[61] The influences of the other variables in the equation are

[61] There is a mild downward trend in the likelihood of a dispute over the period 1885–1992. To insure that the systemic Kantian variables were not simply collinear with this secular trend toward decreasing rates of disputes, we included in each of the equations reported in Table 3 an indicator of time, which equals the year minus 1884. The coefficients of the Kantian variables changed very little, and the average democracy score and trade-to-GDP ratio remained significant at the .001 level; the measure of time was never significant at the .05 level in these tests. If equation 2 is estimated for just the 1885–1939 period, the coefficient of the average level of interdependence becomes statistically insignificant, primarily because the level of trade at the outset of World War I was higher than it was during the interwar years; the average level of democracy remained significant at the .001 level.

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TABLE 3
MODELS OF THE KANTIAN PEACE, 1886–1992:
PREDICTING INVOLVEMENT IN MILITARIZED DISPUTES
(DYADIC AND SYSTEMIC INFLUENCES, ALL DYADS)

Variable	*1. Only Kantian Systemic Variables*	*2. Systemic Kantian, Heg. Power, Satisfaction*	*3. Systemic Kantian, Heg. Defense Burden*
Relative lower democ.	−0.3688***	−0.3576***	−0.4102***
($RELDEM_L$)	(0.0680)	(0.0677)	(0.0703)
Relative trade/GDP	−0.7270***	−0.7045**	−0.5149**
($RELDEPEND_L$)	(0.2333)	(0.2412)	(0.2132)
Relative IGO	−0.1304**	−0.1060*	−0.1602***
(RELIGO)	(0.0500)	(0.0512)	(0.0502)
Average democracy	−0.2383***	−0.2485***	−0.2702***
(AVGDEM)	(0.0412)	(0.0412)	(0.0423)
Average dependence	−292.4397***	−260.3094***	−355.5549***
(AVGDEPEND)	(36.4178)	(48.7066)	(39.7875)
Average IGOs	0.0043	0.0102	−0.0440***
(AVGIGO)	(0.0109)	(0.0115)	(0.0136)
Capability ratio	−0.2897***	−0.2787***	−0.3125***
(CAPRATIO)	0.0518	(0.0521)	(0.0135)
Alliances	−0.2554	−0.2186	−0.3330*
(ALLIES)	(0.1625)	(0.1665)	(0.1636)
Noncontiguity	−2.0080***	−2.0423***	−1.9225***
(NONCONTIG)	(0.1803)	(0.1828)	(0.1802)
Log distance	−0.4915***	−0.4637***	−0.5202***
(DISTANCE)	(0.0567)	(0.0597)	(0.0569)
Only minor powers	−2.0230***	−2.0073***	−2.0694***
(MINORPWRS)	(0.1893)	(0.1941)	(0.1911)
Hegemonic power		−1.5339	
(HEGPOWER)		(0.9502)	
Joint satisfaction		−0.0893	
(SATISFIED)		(0.1057)	
Heg. defense burden			17.9704***
(HEGDEF)			(1.9906)
Constant	−0.7345	−0.7113	−0.3735
	(0.4850)	(0.5075)	(0.4975)
Chi^2	1559.82	1530.24	1529.38
P of Chi^2	0.0000	0.0000	0.0000
N	149,372	147,963	149,372

*p < .05; **p < .01; ***p < .001, one-tailed tests

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relatively unchanged. Preponderant power reduces the likelihood of a dispute, as do distance, an alliance, or the absence of a major power in the dyad. Using the onset of a dispute as the dependent variable produced nearly identical results.

The results of estimating equation 2 are important for three reasons. First, they show that dyads relatively more involved in international organizations at any point in time tend to be more peaceful, supporting the Kantian hypothesis regarding IGOs. Second, the results indicate that the statistical significance of democracy and the trade-to-GDP ratio in equation 1 is the consequence of temporal as well as cross-sectional variation. This is valuable assurance of the robustness of the pacific benefits of these Kantian influences. We now have explicit justification for believing that states can modify their circumstances by policies that increase democracy, interdependence, and, given the significance of the relative IGO measure, participation in international organizations. Third, it supports the view that there are systemic consequences of increasing democracy and trade for all pairs of states, not just for the liberal dyads.

The estimated coefficients for equation 2 allow us to compare the substantive importance of the relative and cross-sectional measures. We again calculate the probabilities of conflict for various hypothetical dyads. In calculating the baseline risk, we assume as before that the dyad is contiguous and set each continuous variable at its mean (or median for the trade ratio) for this subset of cases. We make the dyad unallied and assume it does not include a major power. We estimate the annual probability that this representative dyad would be involved in a dispute using the coefficients in column 1 of Table 3. Then one at a time we change each continuous variable by a standard deviation; finally we make the dyad allied.

Column 3 of Table 2 gives the annual probabilities of a dyad being involved in a dispute under these conditions. The effects of the cross-sectional Kantian variables, which rank dyads according to their position relative to the annual systemic averages, are again substantial. For dyads with a higher relative democracy score the risk of conflict is 30 percent below the baseline rate; a standard-deviation increase in relative dependence means a 36 percent lower probability of conflict; and when states' participation in IGOs is higher the likelihood of conflict is reduced by 18 percent. The substantive significance of the Kantian variables for interstate relations again emerges by comparing these effects with those that result from changing the realist variables.

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A higher capability ratio means lowering the danger of violence by a third, and when two states are allied the probability of conflict is lower by 22 percent. Note also the effects of the Kantian systemic variables. The risk of a dispute drops by 26 percent if the systemic average of the democracy score increases by a standard deviation (from −0.47 to +1.26); it falls 33 percent if the systemic average of the trade-to-GDP ratio rises by a standard deviation (about 30 percent to .006). There is effectively no change if the systemic average for states' participation in IGOs grows. Thus, two of the Kantian systemic variables have powerful effects throughout the international system. By normative or institutional means, an increase in the number of liberal states constrains the use of force even by dyads that are not democratic or interdependent.[62] The effect of IGOs is limited, however, to those states that participate jointly in more of these international forums relative to other pairs.

Assessing the Hegemon's Influence on Dyadic Conflict

In our last analyses we investigate the role of the hegemon. We first evaluate a central claim of the theory of hegemonic stability and power-preponderance theory.[63] Both of these realist theories predict that conflict becomes more likely as the power of the leading state declines relative to its principal rivals. At the same time, we also address the argument that it has been the power of the (democratic) hegemon to reward its allies that accounts for the democratic peace. In a final test we consider whether the hegemon's sense of its own insecurity, as indicated by the ratio of its military expenditures to its gross domestic product, is associated with a heightened danger of conflict globally.

We assess the importance of the hegemon's relative power and states' satisfaction with the status quo by adding two terms to equation 2: HEGPOWER, the proportion of the major powers' capabilities held by Britain (through 1939) and the U.S. (after 1945); and SATISFIED, our measure of joint satisfaction, based on the similarity of each dyadic member's portfolio of allies to that of the leading power. It is appropriate theoretically to include both in the same equation. If the hegemon is able to regulate the level of conflict in the international system, then

[62] To insure that the effects of the annual averages of the democracy score and trade ratio were truly systemic and not confined to only those dyads that were relatively democratic or interdependent, we added three interactive terms (AVGDEM*RELDEM$_L$, AVGDEPEND*RELDEPEND$_L$, and AVGIGO*RELIGO) to equation 2. The results indicated that the effects of the systemic Kantian variables are not confined to just those dyads that rank high relative to the annual averages.

[63] A. F. K. Organski, *World Politics* (New York: Knopf, 1968); George Modelski, ed., *Exploring Long Cycles* (Boulder, Colo.: Lynne Rienner, 1987); Gilpin (fn. 43); Kugler and Lemke (fn. 39); K. Edward Spiezio, "British Hegemony and Major Power War, 1815–1939: An Empirical Test of Gilpin's Model of Hegemonic Governance," *International Studies Quarterly* 34, no. 2 (1990).

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its influence should be greatest with those states with which it is most closely allied. At the same time the advantages for a state of aligning itself closely with the hegemon should be greatest when the power of the leading state is relatively large vis-à-vis its principal rivals; the hegemon in that situation should be most able to confer benefits upon its supporters.

Column 2 of Table 3 suggests that the strength of the leading state relative to its principal rivals does matter. The measure of hegemonic power is nearly significant ($p < .06$). Strong hegemony seems to reduce violence in the international system. This apparent effect stems, however, from the inability of a weakened hegemon (Britain) to prevent the outbreak of systemwide wars. In an analysis not reported in the table, the coefficient of our measure of hegmonic power reversed signs when the first year of each of the world wars was dropped: hegemony was then positively related to the incidence of disputes in the system ($p < .003$). Apparently the pacific benefits of hegemonic strength do not apply during normal periods of international relations. By contrast, we found no evidence in these analyses that states' satisfaction with the status quo accounts for the democratic peace. The measure of joint satisfaction in column 2 of Table 3 is far from statistical significance, while the significance of relative and systemic democracy is little changed.[64]

Finally we consider whether the hegemon's sense of its own security, as indicated by the proportion of GDP it devotes to military expenditures (HEGDEF), is related to the likelihood of dyadic conflict. We add our measure of the hegemon's defense burden to equation 2. The results of this test are reported in column 3. As seen there, the defense burden of the leading state is positively associated ($p < .001$) with the likelihood of dyadic disputes. There are wide-ranging consequences when the hegemon feels endangered. Nor is the heightened danger of conflict limited to the world wars, as with hegemonic power, or significant only for the hegemon or its allies. In a separate analysis not reported in the table, we confirmed that other states, too, experience more disputes when the hegemon has increased the proportion of its resources committed to the military. Our systemic and relative Kantian variables nonetheless remain important. Even the systemic measure of states' participation in international organizations is now significant at the .001 level. The effectiveness of IGOs may depend in part upon the

[64] We tested alternative specifications in evaluating the role played by states' satisfaction with the status quo. We adopted the weak-link assumption, adding the smaller of the tau-b measures of satisfaction to equation 2, and investigated whether two dissatisfied states might also be peaceful; but these terms were not statistically significant.

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major powers not feeling a need to develop, and presumably use, independent military means for protecting and promoting their interests.

A Kantian System? Past and Future

Our analyses for the years 1885–1992 indicate that Kant was substantially correct: democracy, economic interdependence, and involvement in international organizations reduce the incidence of militarized interstate disputes. The pacific benefits of the Kantian influences, especially of democracy and trade, were not confined to the cold war era but extend both forward from that era and back many decades. Moreover, these benefits are substantial. When the democracy score of the less democratic state in a dyad is higher by a standard deviation, the likelihood of conflict is more than one-third below the baseline rate among all dyads in the system; a higher bilateral trade-to-GDP ratio means that the risk of conflict is lower by half. The pacific benefits of democracy in the twentieth century are clear, and the change from the nineteenth century is consistent with an evolutionary view: democratic institutions matured, and the suffrage was extended. In addition, as Kant believed, states may learn from the success and failure of their policies.

The benefits of joint membership in intergovernmental organizations are more modest but nevertheless significant for the politically relevant dyads—contiguous states and dyads containing at least one major power. For these particularly dangerous dyads, the probability of a dispute drops by 13 percent when the number of joint memberships in IGOs is greater by a standard deviation. The pacific benefits of international organizations are also apparent when the trend in this variable is eliminated: among all dyads, pairs of states more involved by a standard deviation in IGOs relative to the annual systemic average are 18 percent less likely to become embroiled in interstate violence.

By distinguishing the influences of the Kantian systemic averages from the standings of each dyad relative to the annual means, we also showed benefits of democracy and trade over time as well as cross-sectionally. The effects of the systemic Kantian influences on dyadic conflict are important. The international system is more peaceful when there are more democracies and when trade is greater. *All* dyads—even those not democratic or interdependent—become less dispute-prone when those systemic Kantian variables increase. The constraining effect of norms and institutions that emerge when there are more democracies and when trade is economically important for many states holds

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even for those that participate to only a limited degree in the Kantian subsystem.[65]

Over the period 1885–1992 states' participation in IGOs rose steadily, but there is little evidence of a trend toward increased democracy or economic interdependence over the complete span of time. A long trend toward greater interdependence may be masked by two aspects of our data. First, the sample changes over time. Less developed and more peripheral states are probably underrepresented before World War I. Only with the establishment of the IMF and UN agencies does information on states' wealth and dyadic trade become reasonably complete. Thus, the average level of bilateral interdependence may be overstated in the early years. Second, decolonization in the late 1950s and the 1960s created dozens of new states that were less democratic and less integrated into the global economy than the states already in the system, lowering the average scores for democracy and interdependence. And as noted, the codings of democracy that we use overstate the democratic character of states in much of the nineteenth century before suffrage was extended to women and those without property.

Both democracy and interdependence do show a marked jump after World War II. The number of democracies has grown steadily since the late 1970s, especially after the cold war ended. Trade grew rapidly in the 1970s. Since 1987 these phenomena have been followed by a precipitous drop in the number of interstate wars, despite the entry of many new states into the system.[66] Our results for the early post–cold war years cover only 1989–92, but they indicate that the beneficial effects of democracy, interdependence, and IGOs continued past the end of the cold war. Moreover, our analyses of the 1885–1992 period suggest that the relative peace of the past decade owes less to the systemic effects of power and hegemony than to growing Kantian influences.

As for the realist influences, some of the dyadic characteristics—chiefly distance, power preponderance, and minor power status—also reduce the likelihood of disputes. This is not surprising, though the lack of a robust effect for alliances is. The Kantian influences have not abolished power politics. Realist variables at the systemic level also make a difference in the incidence of dyadic conflict. Both world wars occurred when Britain, the hegemonic state, was weak. Yet hegemony does not always work as hypothesized. During more normal periods of

[65] See the references in fnn. 17 and 19 and the textual discussion accompanying them.
[66] Monty G. Marshall, *Third World War* (Lanham, Md.: Rowman, Littlefield, 1999).

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international relations, there were more militarized disputes when the hegemon was powerful than when it was weak; and when the hegemon felt threatened (as evidenced by higher military spending relative to its gross domestic product), the likelihood of disputes rose throughout the system.

Democracies fought two world wars side by side, along with some autocracies that shared their strategic interests. Was the democracies' common alignment purely a result of strategic interests? It is more likely that shared interests in democracy and economic freedom played an important role. By contrast, alliances had no systematic dispute-inhibiting influence prior to the cold war. For the post-1945 era, when a reasonably strong effect of alliances is evident, it strains belief to attribute that effect primarily to strategic interests. Of course the cold war was substantially about national security as understood by realists. But it was also about a clash of two fundamentally different political and economic systems. The governments, dominant classes, and peoples of the free-market democracies felt not only that their physical security and national independence were threatened but also that their prosperity and especially their political and economic liberties were at stake. Hence they allied with one another to preserve their common way of life.[67]

The post–cold war era is full of affirmations about the importance of democracy, freedom, and prosperity built on interdependent markets. Some may be just rhetoric, but sophisticated global economic actors understand the role that interdependence plays in their prosperity. In 1999 NATO fought a war against Serbia in the name of democracy and human rights in Europe, against a dictatorial government that did not constitute a strategic threat. In time we shall see whether peace will hold among democracies and interdependent states, but to call the democratic peace "a byproduct of a now extinct period in world politics"[68] sounds very like a premature report of its death.

Analytically, we are progressing toward a synthesis of Kantian and realist influences and of dyadic and systemic perspectives. Kant argued that three naturally occurring tendencies operate to produce a more peaceful world. Individuals desire to be free and prosperous, so democracy and trade will expand, which leads to the growth of international law and organizations to facilitate these processes. Peace, therefore,

[67] By controlling for states' interests, we have tried to show that the democratic peace is not an artifact of the cold war; see Oneal and Russett, "Is the Liberal Peace Just an Artifact of Cold War Interests? Assessing Recent Critiques," *International Interactions* 25, no. 3 (1999).

[68] Gowa (fn. 3), 114.

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does not depend upon a moral transformation of humanity as long as even devils are self-interested and can calculate.[69] For Kant, a child of the Enlightenment, this was evidence of an ordered universe and, perhaps, of providential design. Yet he did not think that the process was mechanical or the outcome certain: reason would not always prevail, and states and individuals would not always act in conformity with their enlightened interests. Human agents must learn from experience, including that of war, and change behavior.

The current unipolar character—inevitably transitory—of our world, with no other state close to the power of the United States, provides an opportunity to build a peace based not only on military force but also on Kantian principles. Hegemony does not last forever. Consequently, democracy should be extended and deepened, the "cosmopolitan law" of commerce expanded, and international law and respect for human rights institutionalized. Kant would say this is a moral imperative.

APPENDIX: VARIABLES

ALLIES: 1 if dyad members linked by defense treaty, neutrality pact, or entente
AVGDEM: average democracy score for all states in a year
AVGDEPEND: average dyadic trade to GDP ratio for all states in a year
AVGIGO: average number of dyadic shared IGO memberships
CAPRATIO: logarithm of ratio of higher to lower power capability in a dyad
DEM_H: higher democracy score in a dyad
DEM_L: lower democracy score in a dyad
$DEPEND_H$: higher dyadic trade-to-GDP ratio in a dyad
$DEPEND_L$: lower dyadic trade-to-GDP ratio in a dyad
DISPUTE: involvement in dyadic dispute
DISTANCE: logarithm of dyadic distance in miles between capitals or major ports
HEGDEF: ratio of leading state's military spending to its GDP
HEGPOWER: leading state's proportion of the capabilities of all major powers
IGO: number of international organization memberships shared by a dyad
MINORPWRS: 1 if dyad does not include a major power
NONCONTIG: 1 if dyad is not contiguous by land border or less than 150 miles of water
$RELDEM_L$: DEM_L – AVGDEM/standard deviation of DEM
$RELDEPEND_L$: $DEPEND_L$ – AVGDEPEND/standard deviation of $DEPEND_L$
RELIGO: IGO – AVGIGO/standard deviation of IGO
SATISFIED: tau-b measure of similarity of dyad members' alliance portfolios to that of the leading state

[69] Kant (fn. 1), 112.

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THE HIGH POLITICS OF IMF LENDING

By STROM C. THACKER*

INTRODUCTION

CONSIDERING the degree of scrutiny given to the role of the International Monetary Fund (IMF, or Fund) in the international economy, we know little about the underlying causes of the IMF's behavior.[1] During the 1980s, the IMF became a "lender of last resort" for many developing country governments that had been cut off from private credit markets and faced destabilizing imbalances of payments. After private capital began to return voluntarily to what were called the emerging markets in the early 1990s, the anticipated erosion of the Fund's role in the developing world did not materialize. Faced with recurrent payments' imbalances, pressures for currency devaluation, and the macroeconomic instability associated with crises in Latin America, Asia, and Russia, the developing nations have turned with increasing frequency to IMF credits and stabilization plans. Despite the growing body of research on the IMF's critical role in international finance, we still have few explanations of and only patchy empirical data on why the IMF approves loans to some countries but not others. As the Fund delves further into the management of balance of payments and currency crises around the world, both theoretical and practical imperatives dictate that we specify more fully and test more systematically

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[1] The literature on the IMF is extensive. For useful surveys, see Graham Bird, "The International Monetary Fund and the Developing Countries: A Review of the Evidence and Policy Options," *International Organization* 50, no. 3 (1996); idem, *IMF Lending to Developing Countries: Issues and Evidence* (London: Routledge, 1995); Sebastian Edwards, "The International Monetary Fund and the Developing Countries: A Critical Evaluation," NBER Working Paper, no. 2909 (1989); Tony Killick, *IMF Programs in Developing Countries: Design and Impact* (London: Routledge, 1995); John Williamson, ed., *The Lending Practices of the International Monetary Fund* (Washington, D.C.: Institute for International Economics, 1982); and idem, *IMF Conditionality* (Washington, D.C.: Institute for International Economics, 1983).

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competing explanations of IMF behavior. What factors influence the IMF's decisions to lend? Are these decisions based on technical economic criteria, or do they reflect the political preferences of the Fund's more powerful members? What are those preferences, and how do they affect the IMF's relationship with its developing country clients? In other words, does politics matter? More importantly, *how* does politics matter?

The literature on international institutions and multilateralism suggests that the operation of multilateral economic organizations like the IMF will assume growing importance in a posthegemonic international order.[2] This body of theory raises several important questions: To what extent do multilateral institutions modify the interests or constrain the behavior of their member states? Can the more power ful states use these organizations as effective instruments of national foreign policy, or are such pressures diluted or transformed in passing through multilateral channels? Finally, what underlying political interests drive the behavior of the large powers within the multilateral institutions, and how do they do so? On the practical side, Gallarotti has shown that poorly managed international organization not only can be ineffective but also can destabilize the international system.[3] The debates surrounding proposed increases in Fund resources and recent loan packages negotiated with South Korea, Indonesia, Russia, and Brazil demonstrate the growing popular recognition of these kinds of problems, but scholarly research has yet to address these questions adequately.

Economists have made inroads in isolating the economic bases of IMF lending, but they are the first to point out that their models remain incomplete. Researchers have found statistically significant results for

[2] For effective treatments of these and related issues, see Robert O. Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy* (Princeton: Princeton University Press, 1984); idem, *International Institutions and State Power: Essays in International Relations Theory* (Boulder, Colo.: Westview, 1989); idem, "Multilateralism: An Agenda for Research," *International Journal* 45, no. 1 (1990); John Gerard Ruggie, ed., *Multilateralism Matters: The Theory and Praxis of an Institutional Form* (New York: Columbia University Press, 1993); Stephen D. Krasner, ed., *International Regimes* (Ithaca, N.Y.: Cornell University Press, 1983); and Kenneth A. Oye, ed., *Cooperation under Anarchy* (Princeton: Princeton University Press, 1986).

International institutions and multilateralism are not necessarily equivalent. The IMF fits Ruggie's definition in *Multilateralism Matters* of multilateral organization as "defined by such generalized decision-making rules as voting or consensus procedures" (p. 14). On IMF decision-making procedures, see Frank Southard, "The Evolution of the International Monetary Fund," Princeton Essays in International Finance, no. 135 (1979); and Frederick K. Lister, *Decision-Making Strategies for International Organizations*, vol. 20, *World Affairs* (Denver, Colo.: Graduate School of International Studies, University of Denver, 1984).

[3] Giulio M. Gallarotti, "The Limits of International Organization: Systematic Failure in the Management of International Relations," *International Organization* 45, no. 2 (1991).

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the impact of a number of economic variables on IMF lending, but the low overall explanatory power of the econometric models reviewed by Bird suggests that "there are probably a range of other non-economic factors which still need to be delineated."[4] One likely source of noneconomic factors is politics, but political scientists have not yet been able to demonstrate the systematic impact of political variables on IMF lending.[5] Several case studies offer suggestive, but not generalizable, evidence of the political bases of IMF lending. Fewer studies have attempted to construct a systematic political explanation of Fund behavior. This paper attempts to fill some of those gaps in the literature and proposes answers to those questions by developing and testing statistically a political explanation of IMF lending patterns.

The IMF's stated decision-making procedures prohibit the consideration of political factors. Loans are made strictly on the basis of the monetarist "Financial Programming" model and a "Doctrine of Economic Neutrality" that is blind to such factors as international politics and the nature of developing country regimes.[6] The Fund may impose strict lending requirements, but it applies them fairly to all countries. The meetings of the IMF executive board, which approves all Fund programs, are highly secretive.[7] The specific considerations that determine the board's deliberations and decisions are therefore not available in the public domain. For its part, the Fund staff publicly maintains the position of economic neutrality, but evidence presented in numerous case studies leaves open the possibility that political factors play an important role.

There are at least three reasons to suspect that politics matters in the IMF. First, several studies have found extremely low rates of borrower compliance with Fund conditionality, yet the IMF continues to lend to many of these problem debtors even after earlier programs have been canceled for noncompliance.[8] Finch, a former IMF staff member, suggested in the late 1980s that economic factors could not explain these

[4] Bird (fn. 1, 1995), 124.

[5] Dane Rowlands, "Political and Economic Determinants of IMF Conditional Credit Arrangements: 1973–1989" (Manuscript, Norman Paterson School of International Affairs, Carleton University, Ottawa, Ont., 1995).

[6] Jacques J. Polak, "Monetary Analysis of Income Formation and Payments Problems," IMF Staff Papers, no. 6 (1957), cited in Edwards (fn. 1); and idem, "The Changing Nature of IMF Conditionality," Princeton Essays in International Finance, no. 184 (1991); and Richard Swedberg, "The Doctrine of Economic Neutrality of the IMF and the World Bank," *Journal of Peace Research* 23 no. 4 (1986).

[7] R. S. Eckaus, "How the IMF Lives with Its Conditionality," *Policy Sciences* 19 (October 1986).

[8] Southard (fn. 2), 13; Edwards (fn. 1); C. David Finch, "The IMF: The Record and the Prospects," Princeton Essays in International Finance, no. 175 (1989); and John Spraos, "IMF Conditionality: Ineffectual, Inefficient, Mistargeted," Princeton Essays in International Finance, no. 166 (1986).

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patterns: "Because decisions were no longer based on compatibility with repayment terms, lending was guided increasingly by the political preferences of the leading industrial countries."[9] Second, each country's representative on the Fund's executive board is appointed by his or her home government (Treasury, in the case of the United States). Thus it should come as no surprise that the positions of those representatives within the Fund reflect the political interests of the national governments they serve.[10] As Smith puts it, "The IMF is itself a political institution. It is managed by politically appointed individuals from member nations, and the political interests of its members influence its decisions."[11] Although the staff is less directly linked to national governments, the executive board must approve all proposed programs. The familiarity of Fund staff members with the preferences of the executive board discourages them from submitting loan packages that the board is likely to veto.[12]

Finally, weighted voting and the decision-making procedures of the Fund also leave room for politics. As of April 1995, the U.S. controlled 17.83 percent of the voting power in the IMF, followed by Germany and Japan with 5.5 percent each, and France and the United Kingdom with 5.0 percent each.[13] An evolving system of special majorities has helped the U.S. maintain its influence beyond that dictated by its gradually decreasing voting share.[14] An 85 percent majority is required for the most important Fund decisions, giving the U.S. alone, and other groups of countries together, veto power. The U.S. can also push through favored programs, which it might not be able to do based on its votes alone. Although the managing director has traditionally been a European, he rarely acts against U.S. preferences.[15] That is not surprising since he is appointed through a process over which the U.S. has veto power.[16] But

[9] Finch (fn. 8), 2.

[10] Lars Schoultz, "Politics, Economics, and U.S. Participation in Multilateral Development Banks," *International Organization* 36, no. 3 (1982); Benjamin J. Cohen, "International Debt and Linkage Strategies: Some Foreign Policy Implications for the United States," in Miles Kahler, ed., *The Politics of International Debt* (Ithaca, N.Y.: Cornell University Press, 1986).

[11] Fred L. Smith, "The Politics of IMF Lending," *Cato Journal* 4 (Spring/Summer 1984). The U.S. representative is "ordered by law to clear his or her decisions with the Secretary of the Treasury." Swedberg (fn. 6), 379.

[12] Kendall W. Stiles, *Negotiating Debt: The IMF Lending Process* (Boulder, Colo.: Westview, 1991).

[13] *IMF Annual Report* (Washington, D.C.: IMF, 1995), 216.

[14] See Lister (fn. 2).

[15] Samuel Lichtensztejn and Mónica Baer, *Fondo Monetario Internacional y Banco Mundial: Estrategias y Políticas del Poder Financiero* (Mexico City: Ediciones de Cultura Popular, 1987), 60–61.

[16] Miles Kahler notes that the U.S. has in the past refused to support a renewal of the managing director's tenure when his "accomplishments did not meet American expectations." Kahler, "The United States and the International Monetary Fund," in Margaret P. Karns and Karen A. Mingst, eds., *The United States and Multilateral Institutions* (Boston: Unwin Hyman, 1990), 94.

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that power rarely needs to be wielded openly. The managing director typically makes decisions based on a "sense of the meeting," derived from the comments of the various participants and their relative voting power.[17] Other powers can be reluctant to speak against the U.S. for fear that the U.S. will later retaliate by exercising its veto power over their own favored programs.[18] Finally, the U.S. and its like-minded allies together can effect international monetary cooperation by forming subsets, or "k-groups," of countries to push through certain packages that single parties cannot.[19]

Given the possibility that political factors influence IMF decisions, several scholars have argued that the Fund's more powerful members manipulate it to further their own political and economic interests.[20] The U.S. government, for its part, "has repeatedly told foreign governments that it will not intervene in negotiations between the Fund and member governments."[21] Kahler notes, however, that "the U.S. (and other major countries) can still influence programs for friends and clients at the margin."[22] Others suggest that American politicization of Fund lending is more widespread. A series of case studies conducted for a project directed by Killick and Bird reveals that at least one-third of the seventeen countries studied secured favorable loan terms on their IMF programs due to the intervention of major shareholding countries on their behalf.[23] Stiles concludes that in only one of seven cases examined did the Fund adopt a politically neutral, technocratic approach to lending.[24]

Such case studies have been useful for providing the kind of rich detailed data that are unavailable by other means, for formulating testable hypotheses, and for providing initial evidence of the role of politics in IMF lending. Despite these advances, we are still unable to say much more than that politics *seems* to matter, at least in some cases. This

[17] The origins of this procedure date back to the Fund's early years, when the U.S. executive director went to great lengths to muffle the strong voice of U.S. power, which nevertheless was decisive. See Southard (fn. 2), 5–6, 19–20.

[18] Eckaus (fn. 7), 237; Stiles (fn. 12), 37.

[19] Ruggie (fn. 2), chap. 1; James A. Caporaso and Miles Kahler attribute part of the postwar economic cooperation to this type of "minilateralism." The creation of the Bretton Woods monetary order through U.S. and British coordination and the subsequent adjustments made by the G-7 after its breakdown (for example, the Plaza and Louvre accords) can be profitably understood in these terms. Caporaso, "International Relations Theory and Multilateralism: The Search for Foundations," and Kahler, "Multilateralism with Small and Large Numbers," in Ruggie (fn. 2).

[20] Cheryl Payer, *The Debt Trap: The International Monetary Fund and the Third World* (New York: Monthly Review Press, 1974); and Swedberg (fn. 6).

[21] Kahler (fn. 16), 110.

[22] Ibid.

[23] Killick (fn. 1), 118–19.

[24] Stiles (fn. 12), 196–97.

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paper aims to accomplish two essential tasks. First, it attempts to provide the first systematic quantitative evidence for whether politics affects IMF behavior. Second, it proposes a dynamic explanation of how political factors affect interactions of multilateral organizations with their member states, and tests the statistical formulation of that argument in the case of the IMF. I first propose a simple macroeconomic model and a political explanation of IMF lending. I then operationalize these hypotheses together and report the results of a series of statistical tests conducted on them jointly. I conclude with a discussion of the limitations and broader implications of this research.

A Simple Macroeconomic Model

Economists have isolated several important demand- and supply-side macroeconomic determinants of IMF lending. Rather than attempt to replicate such studies, I take them as a starting point for my political analysis. Conway has modeled participation in IMF programs as a function of a country's economic environment and its past economic performance.[25] He finds statistically significant negative results for lagged variables representing the ratio of foreign exchange reserves to imports, the growth rate of real gross national product, the ratio of the current account to GNP, the terms of trade, and the real rate of interest.[26] Variables capturing level of development (proxied by the share of output from the agricultural sector) and long- and short-term debt stocks did not attain conventional levels of statistical significance.

Lindert tests the impact of several variables on the interest rate charged on official creditor lending to fifty-one countries in 1985.[27] He obtained statistically significant results for only two variables—the log of absolute nominal public and publicly guaranteed debt in 1981 and the log of per capita income—each with a positive coefficient. None of the other variables—the share of debt held by official creditors, the ratio of debt service to GNP, the ratio of reserves to imports, money stock growth, prior default, prior rescheduling, and years since first rescheduling—approached conventional levels of statistical significance.

Summarizing his own and others' research, Bird identifies statistically significant regression results with negative coefficients for balance

[25] Patrick Conway, "IMF Lending Programs: Participation and Impact," *Journal of Development Economics* 45, no. 2 (1994).

[26] He finds statistically significant positive results for prior participation and the percentage of available funds drawn down. A series of dummy variables for each year had generally significant results.

[27] Peter H. Lindert, "Response to Debt Crisis: What Is Different about the 1980s?" in Barry J. Eichengreen and Lindert, eds., *The International Debt Crisis in Historical Perspective* (Cambridge: MIT Press, 1989).

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of payments, per capita income, current account, and reserves.[28] Collectively, these studies find statistically significant positive regression coefficients for inflation, access to private bank credit,[29] domestic credit growth, and government spending. With the exception of Conway, the low predictive power of these models suggests that they are underspecified. Rather than attempt to test the validity of distinct competing macroeconomic models, this paper draws upon the large body of existing research to identify the putative economic determinants of Fund activities. First, the balance of payments position of a country is the initial baseline upon which its participation in IMF programs is evaluated. An improvement in the balance of payments is the stated primary goal of most IMF lending programs,[30] and without a payments deficit, a country should neither need nor be eligible for Fund lending.[31] When faced with a payments deficit, a country can either run down its reserves or borrow internationally.[32] In the context of the debt crisis, running down reserves was not a viable long-term solution, and the most reliable source of international borrowing was the IMF. Specifically, deterioration in the balance of payments is expected to increase the chances of receiving a loan from the IMF.

Second, a country's debt position should affect its demand for and the supply of an IMF loan for distinct reasons. On the demand side, a heavier debt burden increases developing countries' need for external finance to service that debt. In terms of supply, some have argued that the more heavily indebted countries have more bargaining leverage over the IMF because of their importance to global financial stability.[33] In addition, some view IMF loans as a payoff to foreign creditors.[34] Assuming that those lenders wield influence within the executive board, IMF loans more likely will go to countries where creditors are more heavily exposed. Lindert found that the more heavily indebted countries did receive official creditor loans, but at higher interest rates than the smaller debtors, due to the reluctance of Northern taxpayers to finance more

[28] Bird (fn. 1, 1995).

[29] This result supports the catalytic impact of IMF lending as providing a "seal of approval" that encourages private banks to resume lending to a country that has negotiated an agreement with the Fund. Bird (fn. 1, 1995), 122. A negative result would suggest a substitution effect between IMF and private lending.

[30] Spraos (fn. 8); and Finch (fn. 8).

[31] Bird (fn. 1, 1995), 109.

[32] Ibid., 23.

[33] See Jahangir Amuzegar, "The IMF under Fire," *Foreign Policy* 64 (Fall 1986).

[34] See Walden Bello and David Kinley, "The IMF: An Analysis of the International Monetary Fund's Role in the Third World Debt Crisis, Its Relation to Big Banks, and the Forces Influencing Its Decisions," *Multinational Monitor* 4 (1983).

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concessionary terms.[35] For the purposes of this study, the fact that the larger debtors were more likely to receive loans is of primary interest.

Third, the level of per capita income of a country also may influence its ability to secure Fund assistance. Killick notes that the IMF's historically narrow focus on balance-of-payments considerations has given way in recent years to a broader view that acknowledges the relationship between the balance of payments and growth.[36] Lindert reports that official favoritism for poor countries resulted in lower interest rates on official loans, and Bird argues that poorer countries are less likely to borrow on private capital markets and therefore to have a higher relative demand for IMF loans.[37] Countries with lower per capita incomes should be more likely to request and receive a loan from the IMF.

Fourth, if the Doctrine of Economic Neutrality is followed, a poor credit history should decrease the chances of receiving a loan. After the massive defaults of the 1930s, the debtor nations were effectively cut off from credit for several years. Many have argued that we should expect similar outcomes now.[38] Specifically, past failures to uphold IMF loan requirements should make it more difficult to receive additional loans.

Finally, both neomarxist and modern political economy interpretations would suggest two additional macroeconomic indicators that should affect Fund decisions due to the influence of "low politics": the trade and investment exposure of firms based in the IMF's major principal shareholder, the U.S. Authors grouped loosely within a neomarxist (or dependency) perspective argue that capitalists in the core states, especially the U.S., dictate IMF policy at the expense of the nations of the periphery.[39] A political economist more concerned with the impact of domestic politics on foreign economic policy might also posit, without necessarily adopting the concomitant exploitation argument, that well-organized export enterprises and multinational corporations (MNCs) pressure the U.S. government to protect their interests on the executive board. Neomarxism suggests that higher levels of U.S. exposure lead to a greater likelihood of receiving an IMF loan because the attendant pol-

[35] Lindert (fn. 27), 245.

[36] Killick (fn. 1).

[37] Lindert (fn. 27), 243; Bird (fn. 1, 1995), 112.

[38] Barry Eichengreen has questioned the impact of the "default penalty" on future credit access. Eichengreen, "The U.S. Capital Market and Foreign Lending, 1920–1955," in Jeffrey D. Sachs, ed., *Developing Country Debt and the World Economy* (Chicago: University of Chicago Press, 1989), 247. Cf. Jonathan Eaton and Mark Gersovitz, "Debt with Potential Repudiation: Theoretical and Empirical Analysis," *Review of Economic Studies* 48 (April 1981).

[39] See E. A. Brett, "The World's View of the IMF," in Latin America Bureau, ed., *The Poverty Brokers: The IMF and Latin America* (London: Latin America Bureau, 1983); Manuel Pastor, "The Effects of IMF Programs in the Third World: Debate and Evidence from Latin America," *World Development* 15 (Fall 1987); and Swedberg (fn. 6).

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icy conditionality promotes the expansion of global capitalism. A less explored, domestic-politics interpretation yields more ambiguous expectations. The inflow of foreign exchange and the restoration of international creditworthiness would be expected to benefit U.S. exporters and foreign investors, while the demand-reduction components of the typical IMF program would suggest a negative impact for these variables.[40]

High Politics and the IMF

The international political aspects of IMF lending have received far less rigorous analysis. Two rudimentary strands of thought comprise this genre, but neither has been fully developed nor adequately tested. I label the first, more common strand the "political proximity" hypothesis. Simply put, political friends of the U.S. are more likely to receive loans than are its enemies. In addition to the case studies described above, Bello and Kinley argue that the U.S. disregarded the Fund's economic criteria and pressured the Fund to approve loans to politically friendly South Africa, El Salvador, and Haiti.[41] The IMF has also denied loans to economically worthy political enemies of the U.S., such as Vietnam.[42] In sum, the more closely a country aligns with the U.S., the higher the probability it will receive a loan from the IMF.

These arguments have not yet been fully developed conceptually nor thoroughly tested empirically. To illustrate an intuitive analytical foundation for this argument and to facilitate its testing, I construct a continuous voting space, scaled from 0 to 1, where 1 represents total agreement and 0 complete discord with the United States on a single broad dimension of foreign policy affinity (such affinity could be easily measured by votes in a majority-rule international voting arena, such as the United Nations General Assembly). Figure 1 is a graphic representation of this space and a schematic portrayal of the political proximity hypothesis. Countries at point A, at the far left-hand side of the voting space, have little chance of receiving a loan, while those at point C, at the far right, are much more likely to receive Fund support. Alignment near the middle, at point B, has little or no effect.

[40] The net effect of DFI exposure may depend on the sectoral location of the investment. If it serves primarily the domestic market, a negative result might be expected. If it serves mostly export markets, a positive result would be more likely. The impact of export exposure may depend on whether the product exported is a final consumption good (negative) or an input into the export sector (positive).

[41] Bello and Kinley (fn. 34), 14.

[42] Susumu Awanohara, "Fiscal Interdiction: U.S., Japan Block IMF Effort to Support Vietnam," *Far Eastern Economic Review,* September 28, 1989.

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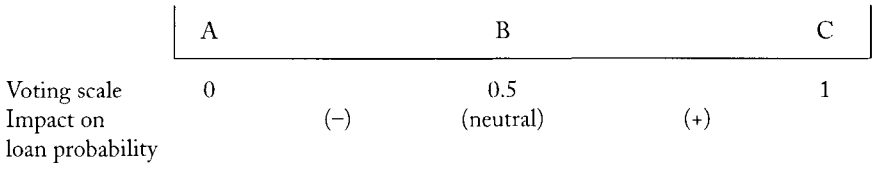

FIGURE 1
THE POLITICAL PROXIMITY HYPOTHESIS

Despite the existence of plentiful case studies, previous research has not effectively evaluated this argument. Furthermore, several studies have documented numerous cases where U.S. "enemies" are rewarded or "friends" punished. In many instances the Fund has made loans to leftist governments, such as Manley's in Jamaica in 1979 and the East European Soviet bloc countries of Hungary, Yugoslavia, and Romania, each of which ranked among the top fifteen IMF loan recipients from 1952 to 1984.[43] This evidence seems to paint a picture of IMF lending as an apolitical technocratic process, economic neutrality at its best. But these loans may not have been justifiable on purely economic grounds, either. Assetto compares the results of a regression equation designed to predict the size of IMF loans based solely on economic criteria with the size of the actual loans received by the three East European countries to conclude that actual lending exceeded predicted lending by a significant margin.[44]

A less static interpretation of these anomalies introduces the "political movement" hypothesis, the less-developed second strand of the political argument. Movement toward or away from the U.S. on international political issues may be at least as important as the absolute political alignment of a particular country. Hinting at this idea, Horowitz asks whether the IMF should use loans to entice countries like Romania and Hungary away from the Soviet bloc.[45] This notion is consistent with the cases of Hungary, Yugoslavia, and Romania, all of whom distanced themselves politically from the Soviet Union (that is, moved closer to the U.S.). In contrast, neither Czechoslovakia nor

[43] Amuzegar (fn. 33); Valerie J. Assetto, *The Soviet Bloc in the IMF and the IBRD* (Boulder, Colo.: Westview, 1988).

[44] Ibid., 50.

[45] Irving Louis Horowitz, "The 'Rashomon Effect': Ideological Proclivities and Political Dilemmas of the IMF," in Robert J. Myers, ed., *The Political Morality of the International Monetary Fund* (New Brunswick, N.J.: Transaction Books, 1987), 96.

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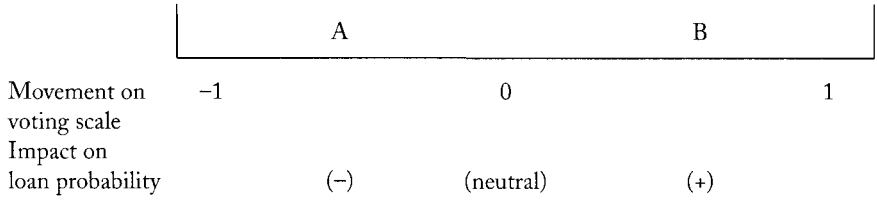

FIGURE 2
THE POLITICAL MOVEMENT HYPOTHESIS

Poland, more consistently faithful Soviet allies, received any IMF funding during this period.[46]

Frey applies Hirschman's neutrality model to formulate a model of the bilateral aid-giving process in a bipolar world where aid recipients can play the two superpower donors off one another.[47] On a more general level, McKeown models the aid relationship formally as a sequential bargaining game between the lending principal and borrower.[48] The lender exchanges aid for political realignment by a developing country toward the position of the lender. The borrower moves from its "ideal" point to a new equilibrium point where the marginal utility of additional aid received equals the domestic political loss incurred by another move away from its ideal position. I adapt and extend these central insights to hypothesize that political movement toward the U.S. increases a country's probability of receiving a loan from the IMF.

I portray the lending process as a dynamic game between each borrower and a single lender. I do not model this interaction in formal game-theoretic terms, nor do I model the relationship between the U.S. and IMF. Rather, I assume the U.S. plays the role of principal within the IMF, generate testable hypotheses about the relationship between the Fund and borrowing countries, and evaluate them empirically. If the data confirm these hypotheses, it would strongly suggest, but not directly confirm, a predominant U.S. presence in an increasingly important multilateral organization. Such a conclusion would have important implications for the study of international institutions and regimes, as well as for the multilateral management of the international economy.

[46] Assetto (fn. 43), 184.

[47] Bruno S. Frey, *International Political Economics* (London: Basil Blackwell, 1984), chap. 5; Albert O. Hirschman, "The Stability of Neutralism: A Geometrical Note," *American Economic Review* 54 (March 1964).

[48] Timothy J. McKeown, "Resolving the 'Conditionality Paradox' in U.S. Bilateral Foreign Aid" (Manuscript, University of North Carolina, Chapel Hill, n.d.).

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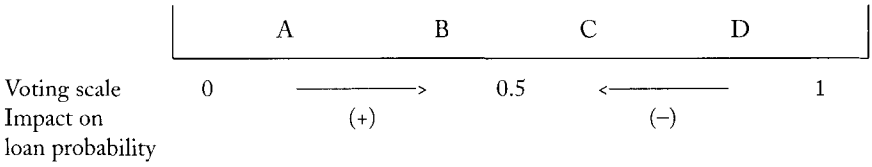

FIGURE 3
THE IMPACT OF POLITICAL MOVEMENT OVER TIME

Figure 2 captures the basic argument of the political movement hypothesis. For simplicity's sake, I present this as a linear relationship, though future research might loosen this assumption. It is based on the same 0–1 voting space. Rather than measure a country's absolute political alignment, however, it charts the change (or realignment) in that position from one time period to another. The maximum distance a country can move vis-à-vis the lender is ±1.0. Countries that make large movements toward the U.S., such as at point B, have a greater chance of receiving IMF credit than those that make movements away from the U.S., such as at point A. Figure 3 brings the spatial and temporal sides of the story together to illustrate the effect of political realignment from one voting cycle to the next. A country shifting from point A to point B has a better chance of receiving a loan than one moving from point D to point C, even though point C is still closer to the lender's position than is point B.

OPERATIONALIZATION OF THE HYPOTHESES

Because theory tells us that both economic and political factors affect IMF lending, a model that excludes either category is, by definition, misspecified. A combined political economy approach addresses one of Bird's main concerns:

> [S]ome countries may be able to muster more support amongst the membership of the Executive Board than others. The problem is that such [political] factors are difficult to model formally and include in econometric estimation, but their exclusion may explain why demand functions which rely exclusively upon economic characteristics will leave much of the story untold.[49]

It may be difficult to model and test political factors econometrically, but it is certainly possible.

[49] Bird (fn. 1, 1995), 149–50.

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The analysis focuses not on the size of the loans, the interest rate, or other conditions but simply on the decision to lend. The structure of the Fund leaves more room for political factors to enter into the process of loan approval than into the formation of the terms of the loans themselves. The politically appointed executive board generally votes yes or no on a complete package that has been assembled by the staff, based largely upon market conditions and its own modeling and forecasting. Furthermore, Fund rules on confidentiality make data collection on most of the terms and conditions of loan packages impossible.[50]

This section presents the hypotheses introduced above in the form of a pooled logit model of IMF lending to eighty-seven developing countries from 1985 to 1994.[51] The dichotomous nature of the dependent variable requires the use of logit estimation, which treats the relationship between a categorical dependent variable (the probability of receiving a loan) and the continuous independent variables as a nonlinear one that approaches both 0 and 1 asymptotically.[52]

The basic logit can be expressed symbolically as:

$$\ln[(P(L = 1)_{it})/(1-(P(L = 1)_{it})] = b_0 - b_1(\text{BalPay}) + b_2(\text{Debt}) - b_3(\text{PerCapY}) - b_4(\text{Default}) + b_5(\text{USX}) + b_6(\text{USDFI}) + b_7(\text{PolProx}) + b_8(\text{PolMove})$$

L is a dichotomous variable coded 1 if country i received an IMF Stand-by Arrangement (SBA) or Extended Fund Facility (EFF) loan during the calendar year t, 0 if it did not.[53] $P(L = 1)_{it}$ is the estimated

[50] Regressions were run on the amount of the loan divided by GNP, and the general results were similar to those reported here, particularly for the political variables.

[51] This figure represents all of the developing countries, as defined by the IMF, for which data were available. See IMF, *Annual Report* (Washington, D.C.: IMF, 1986), 162. Data for the indicator of political alignment used here are not available before 1983. For some countries, data are available only for certain years. See Appendix B for a list of countries used in the data analysis.

[52] See John H. Aldrich and Forrest D. Nelson, *Linear Probability, Logit, and Probit Models* (Beverly Hills, Calif.: Sage, 1984).

[53] Two other IMF lending programs, the Structural Adjustment Facility (SAF) and the Enhanced Structural Adjustment Facility (ESAF), are not included in this analysis for a number of reasons. First, only low-income developing countries qualify for SAF and ESAF loans. A large number of countries in the sample would therefore not qualify for these programs, while all are eligible for SBA and EFF packages. Second, the SAF and ESAF are structural adjustment rather than economic stabilization programs. To include them in the analysis would require a different underlying macroeconomic model than that specified for SABs and EFFs. Third, 1987 was the first full year of operation for the SAF and 1988 for the ESAF. Only SBA and EFF programs were operational throughout the entire time period examined here. See Polak (fn. 6, 1991); and Susan Schadler, Adam Bennett, Maria Carkovic, Louis Dicks-Mireaux, Maruo Mecagni, James H. J. Morisink, and Miguel A Savastano, "IMF Conditionality: Experience under Stand-By and Extended Arrangements. Part I: Key Issues and Findings," IMF Occasional Paper, no. 128 (1995). Compared to the number of SBAs and EEFs, there have been few SAF and ESAF loans

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probability that a country will receive a loan in year t.[54] b_0 is the intercept term. "BalPay" is the balance of payments position; "Debt" is the debt burden; "PerCapY" is per capita income; "Default" is a measure of credit history; "USX" is the amount of U.S. exports to the country; "USDFI" is the amount of U.S. direct foreign investment in the country; "PolProx" is political proximity to the U.S. in the international voting space described above; and "PolMove" is political movement toward the U.S. within the same space. The economic variables are lagged by one year and the political variables by one to two years to establish the direction of causality.

To pose a more challenging test for the political model, I isolate a number of critical macroeconomic factors expected to affect Fund behavior and select several statistical proxies for them. The balance of payments is operationalized into several different variables. BOP_{it-1} is the overall balance of payments of a country in year $t-1$.[55] ΔBOP_{it} is the change in the overall balance of payments from $t-1$ to t. $PCBOP_{it-1}$ and $\Delta PCBOP_{it}$ are per capita balance of payments and change in per capita balance of payments, respectively.[56] $CACCT_{it-1}$ is the current account, and $\Delta CACCT_{it}$ is the change in the current account. $CACCT/GNP_{it-1}$ and $\Delta CACCT/GNP_{it}$ capture the ratio of the current account to GNP and the change in that ratio.[57] Since higher payments deficits are thought to increase the chances of receiving a loan, all coefficients should be negative.

A country's debt burden is measured by the following variables: $DEBT_{it-1}$ is the level of absolute public and publicly guaranteed debt in year $t-1$, and $\Delta DEBT_{it}$ is the change in that level of debt from $t-1$ to t. $PCDEBT_{it-1}$ and $\Delta PCDEBT_{it}$ compute per capita debt figures. A se-

made. Regressions run on a variable including all of these programs together yielded results generally consistent with those reported in the following section.

[54] Logit transforms this variable, which has a nonlinear relationship to the independent variables, into the log-odds of receiving a loan, which has a linear relationship to the independent variables. The new dependent variable, or logit, is then regressed on the independent variables using maximum likelihood estimation (MLE). Data for this variable were gathered from IMF, *Annual Report* (Washington, D.C.: IMF, various issues).

[55] All economic variables except ratios are expressed in millions of 1990 U.S. dollars, using the 1990 U.S. GDP deflator reported in IMF, *International Financial Statistics Yearbook*. (Washington, D.C.: IMF, various issues).

[56] These variables make the figures for large and small countries more comparable. I also tested the ratio of balance of payments to GNP and the change in that ratio with the same substantive results. Data are from IMF, *International Financial Statistics Yearbook* (Washington, D.C.: IMF, various issues).

[57] The World Bank's debt ratios (DEBT/GNP, INT/GNP, and RES/DEBT) appear to have been multiplied by 100. To make comparisons across units consistent, I multiplied the CACCT/GNP ratios calculated from (but not listed in) World Bank data by 100. World Bank, *World Debt Tables* (Washington, D.C.: World Bank, various issues); and idem, *Global Development Finance* (Washington, D.C.: World Bank, various issues).

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ries of ratios captures the debt service burden for each economy. $DEBT/GNP_{it-1}$ is the ratio of long-term total debt stocks (public and private) to GNP, and $\Delta DEBT/GNP_{it}$ tracks the change in that ratio. INT/GNP_{it-1} and $\Delta INT/GNP_{it}$ are the variables for the ratio of interest payments to GNP and its change, and $RES/DEBT_{it-1}$ and $\Delta RES/DEBT_{it}$ measure the ratio of reserves to GNP and the change in that ratio.[58] Because a heavy debt burden increases debtors' demand for loans and because the Fund is hypothesized to give greater supply consideration to the larger debtors,[59] all coefficients should be positive except those for $RES/DEBT_{it-1}$ and $\Delta RES/DEBT_{it}$, which are expected to be negative.

$PCAPY_{it-1}$ represents per capita GNP, computed from data reported in the World Bank's *World Debt Tables* and *Global Development Finance* and in the IMF's *International Financial Statistics*. Lower-income countries should be more likely to receive loans, so a negative coefficient is expected.

$DEFAULT_{it-1}$ is a dummy variable coded 1 if a country has had a prior IMF program canceled any time since 1975 (the first full year of the EFF program) through year *t-1*, 0 otherwise. Since a bad credit history should adversely affect the likelihood of future loans, its coefficient should be negative.[60]

USX_{it-1} is the level of U.S. exports to a country. According to the neomarxist hypothesis, it should be positively signed. The domestic-level political economy perspective has ambiguous expectations for the direction of this effect.[61]

$USDFI_{it-1}$ is the value of the stock of U.S. direct investment for all industries in a country. Expectations are similar to those for USX_{it-1}.[62]

The voting space depicted in Figures 1 to 3 is measured by $KVOTE_{it-2}$, an index of political agreement between country *i* and the U.S. in year *t-2*. Calculated as a decimal between 0 and 1, this variable measures the degree of coincidence between the votes of the sample

[58] These figures are from the World Bank, *World Debt Tables* (Washington, D.C.: World Bank, various issues); and idem, *Global Development Finance* (Washington, D.C.: World Bank, various issues); with population data taken from IMF, *International Financial Statistics Yearbook* (Washington, D.C.: IMF, various issues).

[59] Adequate data on the exposure of U.S. banks in particular countries are unavailable. In any event, the largest creditor banks are likely to be based in the U.S. and the IMF's other principal shareholder countries.

[60] A variable measuring the total number of cancellations that a country experienced from 1975 through *t-1* did not yield statistically significant results. Data were gathered from IMF, *Annual Report* (Washington, D.C.: IMF, various issues).

[61] Data are from IMF, *Direction of Trade Statistics Yearbook* (Washington, D.C.: IMF, various issues).

[62] Data have been taken from the U.S. Department of Commerce, *Survey of Current Business,* various issues.

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country and the U.S. in the United Nations General Assembly (UNGA) on the approximately ten to fifteen issues in each session that the U.S. Department of State has deemed key votes. Under Congressional mandate, the State Department has compiled the voting records of all UN member nations on these selected issues since the 1983 General Assembly in its annual publication, *Report to Congress on Voting Practices in the United Nations*.[63] Appendix A lists the key votes identified in this report for the years examined here. In accordance with the political proximity hypothesis, a positive coefficient is anticipated.[64]

Using UN voting patterns to measure international political alignment is one solution to the problem of testing political variables lamented by Bird. For its part, the U.S. government has proclaimed that examining UN votes makes it "possible to make judgments about whose values and views are harmonious with our own, whose policies are consistently opposed to ours, and whose practices fall in between."[65] But not all UN votes are equally important. In reference to the key votes, the same report states that the "only votes that can legitimately be read as a measure of support for the United States are those which we identified as important to us, and on which we lobbied other nations"[66] The validity of UNGA voting records has been debated extensively.[67] I

[63] Using these annual reports, I coded votes in agreement with the U.S. 1.0, votes in disagreement with the U.S. 0.0, and abstentions or absences by the sample country 0.5. I then added and divided these numbers by the total number of key votes each year to come up with the annual decimal measure for each country. This method differs slightly from the technique of discarding absences and abstentions from the total count of UNGA votes used in Charles W. Kegley Jr. and Steven W. Hook, "U.S. Foreign Aid and U.N. Voting: Did Reagan's Linkage Strategy Buy Deference or Defiance?" *International Studies Quarterly* 35 (September 1991). Rather than not count those nonvotes on "key" issues, I interpret them as neutral.

[64] The transmission of United States foreign policy preferences from the State Department is not necessarily direct in the case of the multilateral development banks and the IMF, where Treasury plays a critical role. See Schoultz (fn. 10). The (American) deputy managing director has typically been "a 'Treasury man,' reinforcing the close ties between that agency of the U.S. government and the IMF." Kahler (fn. 16), 94. Furthermore, Kahler argues that Treasury maintains tight control over U.S.-Fund relations and that "other agencies that might attempt to politicize the IMF for broader foreign policy goals tended to be excluded from direct access to it." Kahler (fn. 16) 94, 97. On the other hand, Joanne Gowa notes that Treasury has adopted an ordering of priorities that "subordinates the demands of the international monetary order to the imperatives of domestic economic policy and foreign security policy," suggesting some coordination—or at least compatibility—between different agencies within the executive branch. Gowa, *Closing the Gold Window: Domestic Politics and the End of Bretton Woods* (Ithaca, N.Y.: Cornell University Press, 1983). The present analysis of policy output (as opposed to interagency input) is an indirect test of these two competing hypotheses. Future work should address the interagency dynamics more directly.

[65] U.S. Department of State, *Report to Congress on Voting Practices in the United Nations* (1985), 2.

[66] Ibid., 4.

[67] See Soo Yeon Kim and Bruce Russett, "The New Politics of Voting Alignments in the United Nations General Assembly," *International Organization* 50, no. 4 (1996); Steven K. Holloway and Rodney Tomlinson, "The New World Order and the General Assembly: Bloc Realignment at the UN in the Post–Cold War World," *Canadian Journal of Political Science* 28, no. 2 (1995); Leona Pallansch and

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adopt the self-identified measure of political alignment of the principal U.S. foreign policy decision-making body: UNGA key votes. There is also evidence that the State Department tracked such data in a similar manner previous to the Congressional mandate, that it considered UN votes a reliable indicator of alignment, and that the U.S. allocated aid on the basis of that alignment. In a 1964 memo to the director of the Food for Peace Program, Dick Reuter, Lansdale noted that "at critical moments in the world's recent history, the U.S. 'bought' votes subtly and indirectly to support its stand in the General Assembly. The 'buying' is in terms of U.S. assistance to the voting country."[68] Furthermore, Lansdale's analysis employed a measure of alignment similar to the current State Department use of key votes, charting only votes on cold war issues.

It also appears that at least some recipient countries take U.S. vigilance of UN voting seriously. Argentina, for example, previously a leader in the Non-Aligned Movement, modified its voting stance in the UNGA to reflect better its improved relations with the United States in the early 1990s.[69] In a 1997 interview, Carlos Escudé, a former adviser to Argentina's minister of foreign relations, revealed that "with respect to some important United Nations resolutions, there was direct contact between Argentina and the United States, and Argentina voted in a manner favorable to the United States."[70] More generally, between 1990 and 1991 Argentina altered its UN votes to move from the fourth, most anti-U.S. stance in the UN to a position similar to that of Turkey.[71]

$MKVOTE_{it-1}$ measures the movement in political alignment between the sample country and the U.S. within the voting space from

Frank Zinni Jr., "Demise of Voting Blocs in the General Assembly of the UN? A Multidimensional Scaling Analysis" (Paper presented at the annual meeting of the Southern Political Science Association, Atlanta, 1996); Brian W. Tomlin, "Measurement Validation: Lessons from the Use and Misuse of UN General Assembly Roll-Call Votes," *International Organization* 39, no. 1 (1985); and Kenneth J. Menkhaus and Charles W. Kegley Jr., "The Compliant Foreign Policy of the Dependent State Revisited: Empirical Linkages and Lessons from the Case of Somalia," *Comparative Political Studies* 21, no. 3 (1988).

[68] Ed Lansdale, "Memo Re: Long Range Impact FPF-II," April 24, 1964, National Archives, Record Group 59, Lot file 67D554, Under Secretary for Political Affairs, Records of the Special Assistant 1963–65, Box 2. I thank Tim McKeown for providing me with a transcription of this document.

[69] For example, Argentina sent troops to the 1991 Persian Gulf conflict. Carlos Escudé, "Entrevista a Escudé realizada por Lorena Kniaz" (1997), cited May 19, 1999, http://www.geocities.com/CapitolHill/Congress/4359/reporta.html.

[70] Ibid.

[71] Ibid.; Carlos Escudé, E-mail from the author, February 16, 1999.

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year *t-2* to year *t-1*, measured in UNGA key votes.[72] From the political movement hypothesis, I expect a positive coefficient.

Findings and Interpretations

Table 1 presents the results of three different versions of the model. The combination of pooled data and a categorical dependent variable presents unique diagnostic challenges.[73] Column 1 presents the results for the basic logit model, with no correction for autocorrelation. It appears to provide a good overall fit: −2 times the log-likelihood ratio (−2 × LLR) for the model is 124.85, with $p < 0.0001$. We can reject the null hypothesis that none of the independent variables individually or *collectively explain a significant amount of variation of the dependent* variable.[74] The model correctly predicted 83.25 percent of the outcomes. In terms of individual coefficients, $PCAPY_{it-1}$ and $KVOTE_{it-2}$ are significant at the 0.90 level of confidence; BOP_{it-1} and $PCDEBT_{it-1}$ at 0.95; and $DEBT/GNP_{it-1}$, INT/GNP_{it-1}, $\Delta INT/GNP_{it}$, $RES/DEBT_{it-1}$, and $MKVOTE_{it-1}$ at 0.99; all with the anticipated signs.

To test and correct for autocorrelation, I employed the binary time-series-cross-section estimation technique formulated by Beck, Katz, and Tucker.[75] I constructed a series of nine (T−1) dummy variables coded 1 if it had been (1, 2, 3, . . . T−1) years since a country last received an IMF loan, 0 otherwise. If these nine variables collectively are significant in a log-likelihood ratio test, it is an indication of autocorrelation. The correction for autocorrelation is simply the inclusion of the temporal dummy variables in the estimation. Once corrected, the new coefficients for the original variables of interest should better satisfy the

[72] Because of the UNGA's voting calendar, the voting variables have a longer lag structure than the economic variables. The fact that UNGA votes are taken in the last four months of the calendar year means that there is a 67 percent chance that a given loan decision will be made before the UNGA meets in a given year. The chances that such a decision will be made before the session is complete and final votes are tallied approaches 100 percent. Conversely, movement at *t−1* occurs immediately before the next calendar year's loan cycle begins.

[73] James A. Stimson, "Regression in Space and Time: A Statistical Essay," *American Journal of Political Science* 29, no. 4 (1985); Nathaniel Beck, Jonathan N. Katz, and Richard Tucker, "Taking Time Seriously: Time-Series-Cross-Section Analysis with a Binary Dependent Variable," *American Journal Political Science* 42, no. 4 (1998).

[74] This assumes a Chi Square distribution for the −2 × LLR figure. While this assumption may not be entirely valid for individual level data, the strong results are still encouraging.

[75] Beck, Katz, and Tucker (fn. 73). This approach is designed for longitudinally dominant data with typically twenty or more time periods. The authors have not yet tested this exploratory method on shorter time periods like the one used here (T = 10). Richard Tucker, conversation with the author, August 1998. We may therefore have somewhat less confidence in a negative diagnostic for autocorrelation than in the positive one obtained here.

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TABLE 1
LOGIT COEFFICIENT ESTIMATES OF IMF LENDING, 1985–94

Independent Variables	*Basic Logit (1)*	*With Temporal Dummies (2)*	*Refined with Dummies (3)*
BOP_{it-1}	-1.907×10^{-4}***	-2.091×10^{-4}**	-1.277×10^{-4}***
	(0.911×10^{-4})	(0.926×10^{-4})	(0.583×10^{-4})
ΔBOP_{it}	-1.200×10^{-6}	1.580×10^{-6}	
	(79.600×10^{-6})	(84.000×10^{-6})	
$PCBOP_{it-1}$	6.642×10^{-4}	8.886×10^{-4}	
	(17.944×10^{-4})	(18.001×10^{-4})	
$\Delta PCBOPt_{it}$	-7.526×10^{-4}	-9.787×10^{-4}	
	(18.621×10^{-4})	(19.023×10^{-4})	
$CACCT_{it-1}$	-1.089×10^{-4}	-1.252×10^{-4}	
	$(.956 \times 10^{-4})$	(0.974×10^{-4})	
$\Delta CACCT_{it}$	0.920×10^{-4}	1.192×10^{-4}	1.453×10^{-4}***
	(0.976×10^{-4})	(1.031×10^{-4})	(0.632×10^{-4})
$CACCT/GNP_{it-1}$	−0.020	−0.022	−3.506*
	(0.026)	(0.027)	(2.044)
$\Delta CACCT/GNP_{it}$	0.002	0.003	
	(0.024)	(0.025)	
$DEBT_{it-1}$	-2.400×10^{-6}	-6.600×10^{-6}	
	(11.000×10^{-6})	(11.400×10^{-6})	
$\Delta DEBT_{it}$	-3.320×10^{-5}	-4.760×10^{-5}	
	(6.63×10^{-5})	(6.730×10^{-5})	
$PCDEBT_{it-1}$	9.960×10^{-4}***	8.726×10^{-4}*	8.319×10^{-4}*
	(4.58×10^{-4})	(4.655×10^{-4})	(4.340×10^{-4})
$\Delta PCDEBT_{it}$	5.641×10^{-4}	1.525×10^{-4}	
	(12.84×10^{-4})	(13.253×10^{-4})	
$DEBT/GNP_{it-1}$	−0.011***	−0.010***	−0.010***
	(0.003)	(0.003)	(0.003)
$\Delta DEBT/GNP_{it}$	0.001	0.002	
	(0.003)	(0.004)	
INT/GNP_{it-1}	0.284***	0.274***	0.267***
	(0.065)	(0.069)	(0.065)
$\Delta INT/GNP_{it}$	0.503***	0.519***	0.516***
	(0.100)	(0.102)	(0.099)
$RES/DEBT_{it-1}$	−0.026***	−0.027***	−0.024**
	(0.010)	(0.010)	(0.010)
$\Delta RES/DEBT_{it}$	-4.541×10^{-4}	10.000×10^{-4}	
	(0.021)	(0.022)	
$PCAPY_{it-1}$	-3.638×10^{-4}*	-3.074×10^{-4}	-3.453×10^{-4}*
	(02.112×10^{-4})	(2.122×10^{-4})	(2.052×10^{-4})
$DEFAULT_{it-1}$	0.394*	0.412*	0.467**
	(0.231)	(0.238)	(0.226)
USX_{it-1}	-4.800×10^{-6}	-2.500×10^{-6}	
	(65.300×10^{-6})	(67.300×10^{-6})	

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TABLE 1 *(cont.)*

Independent Variables	*Basic Logit (1)*	*With Temporal Dummies (2)*	*Refined with Dummies (3)*
$USDFI_{it-1}$	-9.940×10^{-5}	-8.870×10^{-5}	
	(8.800×10^{-5})	(8.880×10^{-5})	
$KVOTE_{it-2}$	1.247*	1.004	0.898
	(0.716)	(0.728)	(0.677)
$MKVOTE_{it-1}$	2.756***	2.858***	2.711***
	(0.795)	(0.856)	(0.827)
Intercept	−2.294***	−2.243***	−2.247***
	(0.476)	(0.522)	(0.490)
Correctly predicted (%)	83.25	82.98	82.98
Model χ^2	124.85	145.03	140.14
p-value	$p < 0.0001$	$p < 0.0001$	$p < 0.0001$
	24 d.f.	33 d.f.	21 d.f.

N = 746. Standard errors are in parentheses below the estimates. Coefficients for temporal dummies not reported.

* Significant at $p \leq 0.10$ level.

** Significant at $p \leq 0.05$ level.

*** Significant at $p \leq 0.01$

assumption of error independence. This test revealed a high likelihood of autocorrelation (log-likelihood ratio = 20.18 with 9 d.f., $p < 0.025$). Columns 2 and 3 in Table 1 report the results of the full model and a more refined model correcting for autocorrelation.

Tests were also conducted for multicollinearity and heteroskedasticity. Neither revealed any indications of problems. Despite the presence of a large number of potentially overlapping economic variables, none of the variables in the model exhibited high degrees of collinearity with the other variables (either collectively or individually). To test for heteroskedasticity, I incorporated a variable for GNP to test the impact of country size and a series of eight dummy variables to capture the effect of geographic region. The results of these tests did not approach conventional levels of statistical significance, so I retained the assumption of homoskedasticity.

The parameter estimates of the corrected full model (Column 2) yield several interesting, albeit tentative, findings. The only significant balance of payments variable is the overall balance, BOP_{it-1}. As expected, its coefficient is negatively signed, suggesting that a country

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with an extra $100 million payments deficit increases its log-odds of receiving an IMF loan by about 0.02. The insignificant findings for the current account differ from others' results.[76] Controlling for the overall balance, the current account does not seem to matter. Similarly, with the current account controlled for, the negative impact of the balance of payments supports the argument that there is a substitution effect between IMF lending and other foreign capital inflows. Foreign capital inflows (an improvement in the balance of payments) in the year prior to the lending period lower the log-odds of receiving a loan from the IMF.

Several demand-side debt indicators were statistically significant.[77] In particular, the ratio of interest payments to GNP and the change in that ratio seem to have a strong positive impact on the log-odds of receiving a loan. The coefficients for the supply-side aggregate debt indicators $DEBT_{it-1}$ and $\Delta DEBT_{it}$ were not significant. These findings generally confirm the importance of debt in the borrowers' demand functions. They do not, however, support the argument that the IMF gives special treatment to large debtors, either because of their importance to global financial stability or as a payoff to the large creditor banks whose holdings may increase in value if an IMF loan is granted. Special treatment received by any particular debtors may be better explained by political factors than by their position in the international financial system or their relationship with creditor banks. This is a particularly interesting finding in light of the controversies surrounding the U.S.- and IMF-sponsored bailout packages in 1995 in Mexico and in 1997 and 1998 in Asia and Russia.[78]

Per capita income behaves as expected but is no longer significant in the corrected model ($p < 0.1475$). A country's history of default with the IMF is significant at the 0.90 level, but carries a positive sign. This contradicts the notion that economic neutrality drives Fund lending and confirms the pattern of recidivism observed by others.[79] Having had a previous IMF program canceled increases the log-odds of receiv-

[76] Conway (fn. 25).

[77] Per capita debt reached the 0.90 level of confidence, and the following variables attained the 0.99 level: the debt to GNP ratio, the interest to GNP ratio, the change in the interest to GNP ratio, and the ratio of reserves to debt. Curiously, the coefficient for debt to GNP is negative (all others are correctly signed). I have no explanation for this anomalous result, except to surmise that the impact of high relative levels of debt may be sensitive to the burden of repayment as captured by the interest to GNP ratio.

[78] On the Mexican crisis, see Riordan Roett, "The Mexican Devaluation and the U.S. Response: Potomac Politics, 1995-Style," in Roett, ed., *The Mexican Peso Crisis: International Perspectives* (Boulder, Colo.: Lynne Rienner, 1996).

[79] Bird (fn. 1, 1995).

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ing a new loan by 0.41.[80] The coefficients for U.S. exports and U.S. direct foreign investment do not attain statistical significance at conventional levels.[81] The neomarxist hypothesis is therefore not confirmed by these data. The potentially mixed interests of U.S. exporters and investors described above makes the domestic politics argument more difficult to assess. Some of the positive and negative impact of exports and investments in different sectors of the economy (for example, traded vs. nontraded, export vs. import competing, consumption vs. intermediate goods) would be expected to work at cross purposes to yield statistically insignificant results overall. Subtler model specification and future research may help clarify these issues.

Both political variables carry the correct sign, but the political proximity hypothesis is not confirmed in the serially corrected model ($p < 0.1682$). The results for the political movement hypothesis are strongly positive and significant at the 0.99 level. A movement toward the U.S. along the 0–1 UNGA key-vote continuum of 0.10 (for example, switching one vote out of ten) raises the log-odds of receiving a loan by 0.29. Politics does matter but not in the manner typically argued. These data suggest that movement toward the U.S. within the political space portrayed in this paper influences IMF decisions regardless of absolute alignment position. Additionally, the effects of these variables are robust to changes in the specification of the underlying macroeconomic model. I do not report the intermediate results here, but the addition and deletion of various economic variables had little effect on the parameter estimates or the standard errors of the political variables (see Table 1, Columns 2 and 3).

I added an interactive political variable, $KVOTE_{it-2}$*$MKVOTE_{it-1}$, in an attempt to capture some of the potential nonlinear effects of realignment by testing the hypothesis that the impact of a change in political alignment by a country is dependent on that country's starting position. A given movement toward the U.S. by an already tight American ally, whose allegiance is unquestioned by the American government, may not increase the probability of receiving a loan as much as the same degree of movement by a more politically distant country. Expectations for the interactive term were tentative, but a negative coeffi-

[80] This result may be spurious. Bird suggests that requesting a loan from the IMF has a threshold effect; once a country requests one loan, it is more likely to request additional loans. Since any country that has a loan canceled has already crossed this threshold, it may be more likely to receive loans in the future. Bird (fn. 1, 1995).

[81] Regressions were also run using each variable without the other, yielding similar negative results.

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cient would be consistent with this discussion. I do not report those results here, but the coefficient for this variable was not significant at conventional levels and positively signed.[82] The data suggest that the impact of movement toward the U.S. is consistent across different starting points. This supports the argument depicted in Figure 3 that realignment toward the U.S. improves a country's chances of receiving a loan regardless of the starting position.

Table 1, Column 3, presents the results of a refined statistical model, which largely confirm the above interpretations with the exception of the current account and per capita income variables. I constructed this model by sequentially deleting any previously nonsignificant variables and conducting a series of log-likelihood ratio tests to determine if their inclusion significantly improved the overall fit of the model. With the exception of $KVOTE_{it-2}$, which I retained because of its intrinsic interest, I omitted all variables not meeting these criteria from the refined model.[83] The overall current account balance still does not seem to matter, but its improvement or decline and its weight in the economy do. We detect some impact for the current account by eliminating some potentially overlapping variables.[84] Per capita income is negatively signed and significant at the 0.90 level, a modest improvement from the full model.

Because the logit model is nonlinear, the relative effect of any single variable depends on the value of all the independent variables, which determine where on the curve an estimate lies. To make the parameter estimates more readily interpretable, Table 2 uses the refined model results to illustrate the impact of different values of political realignment on the probability of receiving a loan from the IMF in the hypothetical case where the values of all other independent variables in the model are set at their means. Two clear patterns emerge. First, even if we assume that absolute alignment position matters, a political realignment has a much stronger impact on the probability of receiving an IMF lend-

[82] There was a possible collinearity problem with this variable. Specifically, it correlated strongly with $MKVOTE_{it-1}$. Because the inclusion of the interactive term is likely to have inflated the standard error of the movement variable and because its inclusion did not significantly improve the model's fit, I did not retain it.

[83] Because of the potential for omitted variable bias and the negative diagnostic for multicollinearity in the original specification, I have greater confidence in the results of the full model. I therefore present the refined model results for the interested reader but focus most of the substantive interpretations on the full model.

[84] The change in the current account from *t–1* to t is significant at the 0.95 level, and the ratio of the current account to GNP is significant at the 0.90 level. The unexpectedly positive coefficient for the change in the current account from *t–1* to t could be due to the fact that an IMF loan at time *t* can itself cause an improvement in the balance of payments at time *t*.

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TABLE 2
THE EFFECT OF POLITICAL REALIGNMENT ON IMF LENDING[a]

	Original Position	*New Position*	*Loan Probability*
1.	0.0	0.0	0.065
2.	0.0	0.25	0.121
3.	0.0	0.50	0.213
4.	0.0	0.75	0.348
5.	0.0	1.0	0.513
6.	0.50	0.0	0.027
7.	0.50	0.25	0.053
8.	0.50	0.50	0.099
9.	0.50	0.75	0.178
10.	0.50	1.0	0.298
11.	1.0	0.0	0.011
12.	1.0	0.25	0.022
13.	1.0	0.50	0.042
14.	1.0	0.75	0.080
15.	1.0	1.0	0.147

Moments: $KVOTE_{it-2}$: mean = 0.5156, standard deviation = 0.1857;
$MKVOTE_{it-1}$: mean = 0.0082, standard deviation = 0.1555
[a]All other variables from Table 1, Column 3, held at their means.

ing package than the starting position.[85] Second, the patterns revealed in Table 2 are consistent with the scenario portrayed in Figure 3. A distant country that starts out at a key-vote index score of 0.0 and moves to 0.25 has a much better chance (p = 0.121) of receiving a loan than a country that moves away from perfect alignment with the U.S. (1.0) to a point (0.75) that is still much closer to the U.S. (p = 0.080) (Table 2, Lines 2 and 14). In fact, a country moving from discord to neutrality has a higher loan probability (p = 0.213) than a country that starts out and then remains in perfect alignment (p = 0.147) (Table 2, Lines 3 and 15).

Killick raises the possibility that changes in the structure of the international system alter the political dynamics treated here. Specifically, he suggests that the end of the cold war may dilute the effect of international politics on IMF behavior.[86] If no single power (for example, the USSR) lies at the other end of the 0–1 voting space, does the U.S. still reward political movement? *Does politics matter less after the cold war?*

[85] I retained absolute alignment position here to facilitate a clearer comparison of the hypothetical scenarios and to create more difficult conditions for demonstrating the strength of the impact of political realignment. Omitting $KVOTE_{it-2}$ would lower the probability for the static U.S. ally even more, relative to any country moving toward the U.S.

[86] Killick (fn. 1), 128.

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TABLE 3
LOGIT COEFFICIENT ESTIMATES OF IMF LENDING, 1985–89 AND 1990–94

Independent Variables	*Cold War (1)*	*Post–Cold War (2)*	*Cold War Refined (3)*	*Post–Cold War Refined (4)*
BOP_{it-1}	$-4.072 \times 10^{-4***}$	-1.08×10^{-4}	$-4.331 \times 10^{-4**}$	-0.931×10^{-4}
	(1.736×10^{-4})	(1.623×10^{-4})	(1.72×10^{-4})	(1.596×10^{-4})
ΔBOP_{it}	-2.273×10^{-4}	-0.166×10^{-4}	$-2.784 \times 10^{-4**}$	0.304×10^{-4}
	(1.468×10^{-4})	(1.378×10^{-4})	(1.317×10^{-4})	(1.235×10^{-4})
$PCBOP_{it-1}$	0.004	3.88×10^{-4}	0.005*	-2.057×10^{-4}
	(0.003)	(28.569×10^{-4})	(0.003)	(24.936×10^{-4})
$\Delta PCBOPt_{it}$	−0.002	0.002		
	(0.003)	(0.003)		
$CACCT_{it-1}$	-2.776×10^{-4}	-0.535×10^{-4}	-2.880×10^{-4}	-0.572×10^{-4}
	(1.855×10^{-4})	(1.529×10^{-4})	(1.777×10^{-4})	(1.523×10^{-4})
$\Delta CACCT_{it}$	3.040×10^{-4}	0.193×10^{-4}	3.023×10^{-4}	0.031×10^{-4}
	(1.857×10^{-4})	(1.311×10^{-4})	(1.844×10^{-4})	(1.274×10^{-4})
$CACCT/GNP_{it-1}$	−0.046	−0.013	−0.054	−0.011
	(0.039)	(0.044)	(0.036)	(0.044)
$\Delta CACCT/GNP_{it}$	−0.031	0.045	−0.042	0.053
	(0.035)	(0.043)	(0.031)	(0.042)
$DEBT_{it-1}$	-1.93×10^{-5}	2.144×10^{-5}	-2.110×10^{-5}	1.976×10^{-5}
	(2.12×10^{-5})	(1.62×10^{-5})	(2.13×10^{-5})	(1.61×10^{-5})
$\Delta DEBT_{it}$	-1.639×10^{-4}	0.856×10^{-4}	$-1.591 \times 10^{-4*}$	0.875×10^{-4}
	(1.035×10^{-4})	(1.602×10^{-4})	(0.945×10^{-4})	(1.504×10^{-4})
$PCDEBT_{it-1}$	1.577×10^{-4}	0.002^{***}	1.205×10^{-4}	0.002^{***}
	(7.045×10^{-4})	(0.001)	(6.823×10^{-4})	(0.001)
$\Delta PCDEBT_{it}$	2.425×10^{-4}	0.001		
	(19.369×10^{-4})	(0.002)		
$DEBT/GNP_{it-1}$	−0.007	-0.016^{***}	−0.007	-0.016^{***}
	(0.005)	(0.005)	(0.005)	(0.005)
$\Delta DEBT/GNP_{it}$	-6.81×10^{-5}	0.001		
	(417.55×10^{-5})	(0.012)		
INT/GNP_{it-1}	0.362^{***}	0.183	0.363^{***}	0.197
	(0.094)	(0.142)	(0.092)	(0.135)
$\Delta INT/GNP_{it}$	0.530^{***}	0.646^{***}	0.530^{***}	0.655^{***}
	(0.153)	(0.184)	(0.151)	(0.173)
$RES/DEBT_{it-1}$	-0.056^{***}	−0.009	-0.052^{***}	−0.009
	(0.019)	(0.012)	(0.017)	(0.012)
$\Delta RES/DEBT_{it}$	−0.022	0.020		
	(0.044)	(0.028)		
$PCAPY_{it-1}$	-1.753×10^{-4}	$-7.171 \times 10^{-4**}$	-1.288×10^{-4}	$-7.021 \times 10^{-4**}$
	(3.345×10^{-4})	(3.188×10^{-4})	(3.096×10^{-4})	(3.16×10^{-4})
$DEFAULT_{it-1}$	0.447	0.345	0.438	0.350
	(0.322)	(0.404)	(0.320)	(0.400)

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TABLE 3 *(cont.)*

Independent Variables	*Cold War (1)*	*Post–Cold War (2)*	*Cold War Refined (3)*	*Post–Cold War Refined (4)*
USX_{it-1}	1.757×10^{-4}	-1.041×10^{-4}	1.841×10^{-4}	-1.099×10^{-4}
	(1.141×10^{-4})	(1.508×10^{-4})	(1.131×10^{-4})	(1.528×10^{-4})
$USDFI_{it-1}$	-2.848×10^{-4}	-0.395×10^{-4}	-2.901×10^{-4}	-0.344×10^{-4}
	(1.972×10^{-4})	(1.036×10^{-4})	(1.997×10^{-4})	(1.02×10^{-4})
$KVOTE_{it-2}$	0.599	3.115**	0.566	2.967**
	(0.955)	(1.510)	(0.951)	(1.488)
$MKVOTE_{it-1}$	3.609**	4.333***	3.551**	4.192***
	(1.492)	(1.401)	(1.485)	(1.363)
Intercept	−1.949***	−3.570***	−2.008***	−3.468***
	(0.730)	(0.928)	(0.728)	(0.911)
Correctly predicted (%)	81.17	88.10	80.66	88.10
Model χ^2	96.75	72.04	95.81	70.64
p-value	$p < 0.0001$	$p < 0.0001$	$p < 0.0001$	$p < 0.0001$
	28 d.f.	28 d.f.	24 d.f.	24 d.f.

N = 393 for cold war, N = 353 for post–cold war. Standard errors are in parentheses below the estimates. All specifications include temporal dummy variables (coefficients not reported).

* Significant at $p \leq 0.10$ level.

** Significant at $p \leq 0.05$ level.

*** Significant at $p \leq 0.01$ level.

Table 3 presents the full and slightly refined results (using the same refining technique as above) of separate analyses for the 1985–89 and 1990–94 periods. The model provides a good fit for each of the two subsamples, with $-2 \times$ LLR for all four scenarios yielding $p < 0.0001$. The model had a higher success rate in predicting outcomes in the second period, correctly predicting 88 percent of the outcomes in both the full and restricted versions versus approximately 81 percent in both specifications for the first period.

The underlying macroeconomic models appear to differ slightly for the two periods. Balance of payments considerations have a greater impact during the cold war years (Table 3, Columns 1 and 3). The overall balance is correctly signed and significant at the 0.95 level. In the refined model, the change in the balance of payments is also significant at the 0.95 level and correctly signed. The coefficients for the current account and the change in the current account approach but do not quite attain statistical significance at the 0.90 level in both cold war specifications. No balance of payments variables even approach statistical sig-

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nificance in the post–cold war period (Table 3, Columns 2 and 4). The relevant debt indicators for each subsample differ slightly, but both periods generally confirm the borrower need hypothesis with the exception of the incorrectly signed debt-to-GNP coefficient. The results for per capita income help clarify the ambiguous results for this variable in the full sample specifications by suggesting that while per capita GNP did not affect IMF decisions during the cold war, it has become more important in the post–cold war period. That confirms an apparent trend toward placing greater emphasis on economic growth in formulating IMF programs in recent years.[87] The default variable does not reach statistical significance in either period, possibly due to the smaller sample size. Again, the economic neutrality hypothesis is not confirmed. Finally, U.S. exports and U.S. direct foreign investment are not statistically significant in either subsample, though the USX_{it-1} variable comes reasonably close to attaining 90 percent confidence in the cold war period.

The differences between the impact of the economic variables across the two samples imply two tentative conclusions. First, similar models may produce divergent results if they are tested on different time periods. This may help explain the contradictory results of several seemingly similar econometric studies. Second, splitting larger time series into subsamples may be one good way to compare competing macroeconomic models and to chart their evolution over time.

The impact of politics also varies across the two subsamples but not in the way Killick anticipates. If anything, these results suggest that politics may be *more* important now than ever. The manner in which the U.S. treats its allies and potential allies within the Fund seems to have changed in important ways since 1990. The coefficient for alignment position does not approach statistical significance in the 1985–89 period, but movement is positively signed and statistically significant. Based on this sample, the U.S. appears to have been playing a cold war game of encouraging movement toward it without regard for original alignment position.

Since the end of the cold war, however, both alignment position and movement are statistically significant and positively signed. This suggests that the U.S. is both playing the realignment game as vigorously as ever and is rewarding the allegiance of those who stay close without necessarily moving any closer. Once a country reaches perfect agreement with the U.S., it cannot move any closer. These results imply that

[87] Killick (fn. 1).

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during the cold war such a country would have had to move away from the U.S. and then back toward it to secure favorable treatment from the IMF. By rewarding such behavior, the United States may have encouraged countries to move toward the median voting position in the UN. Countries might also employ dual tactics of backscratching and blackmail to parlay political realignments and potential realignments into material gains.[88] Such maneuverings may no longer be necessary for close U.S. allies in the post–cold war period. More generally, these results suggest that the ability of the U.S. to influence IMF behavior to achieve its own political goals has not eroded. These goals may have simply shifted according to changes in the structure of the international system, and the U.S. still seems willing and able to exercise its weight within the executive board of the IMF to pursue them. The case of the IMF suggests that multilateralism, while useful for facilitating cooperation among a small number of like-minded states, may not be an effective buffer of U.S. power in the modern global political economy.

Limitations

This section highlights some of the limitations of this study's approach and data analysis with an eye toward future research. First and foremost, does voting in the UN General Assembly really matter, even on issues that the U.S. has deemed important? The UN itself has little power, and measures adopted within the UNGA in particular (as opposed to the Security Council) are largely symbolic.[89] In a similar vein, this study does not distinguish between countries according to their strategic and domestic characteristics. It could be argued that UN voting patterns are just a proxy for more fundamental variables. In particular, as countries democratize and open their economies to market forces, they may also be likely to alter their UN votes to reflect these underlying political and economic changes. The United States and IMF may be rewarding the political and economic shifts themselves, rather than the reflection of those shifts within the UNGA. This line of thinking is not necessarily inconsistent with the argument of this paper, but it merits further consideration. In fact, if UN voting does capture these more fundamental characteristics of countries, then it could be a very useful summary measure of them. I ran several new regressions to address these concerns empirically. I included commercial energy produc-

[88] See McKeown (fn. 48).

[89] Only one developing country (China) is a permanent member of the Security Council, so we cannot use Security Council votes to measure alignment.

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tion ($ENERGY_{it-1}$) as a measure of strategic importance to explain why the U.S. might treat some countries differently from others. Measures of money supply (M/GDP_{it-1}), money supply growth ($MGROW_{it-1}$), budget deficits ($DEFICIT_{it-1}$), and trade openness ($OPEN_{it-1}$ = export plus imports, divided by GNP) captured the relative degree of "economic freedom."[90] Finally, several indicators of democracy, including the Polity III democracy (DEM_{it-1}) and authoritarianism ($AUTH_{it-1}$) scores and the Freedom House rankings on political rights (PR_{it-1}) and civil liberties (CL_{it-1}), helped assess the impact of regime type and democratization (change in regime type from one year to the next). Table 4 presents these results. Interestingly, none of these new variables yielded statistically significant results, and their inclusion in the estimation did not significantly alter the effects of the voting variables.[91] In sum, the model presented here appears robust to the inclusion of these factors.

Second, I have kept the underlying macroeconomic model as broad and simple as possible. This makes a direct comparison of theoretically distinct macroeconomic models more difficult, but the inclusion of a large number and wide range of economic variables raises the level of confidence in the statistical significance of the results obtained for the political variables, my more immediate concern. Further refinement or inclusion of additional economic variables could be undertaken if justified by other research.

Third, this paper treats the IMF essentially as an instrument of the U.S. government to test indirectly the proposition that relatively straightforward power considerations help explain the behavior of multilateral economic organizations. But the more powerful Fund members are likely to agree on many UNGA votes. Multidimensional scaling analyses conducted by Pallansch and Zinni suggest that the UNGA voting patterns of the G-7 countries tend to congregate together in a Euclidian space.[92] Future work should explore internal executive board politics and expand the focus to include Germany, Japan, France, and the United Kingdom. An approach centered around the formation and operation of subsets, or "k-groups," of countries within the organiza-

[90] Data from World Bank, *World Development Indicators 1998* (Washington, D.C.: World Bank, various issues); idem, *World Debt Tables* (Washington, D.C.: World Bank, various issues); and idem, *World Bank Global Development Finance* (Washington, D.C.; World Bank, various issues).

[91] The results for some of the economic variables differ from those in Table 1. Given the smaller number of cases used in Table 4 (a result of data availability), I base my substantive interpretations on the results presented in Tables 1 and 3. Several intermediate and refined specifications yielded similar results.

[92] Pallansch and Zinni (fn. 67).

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tion could lead to a more complex specification of intraorganizational politics.[93]

Fourth, more careful consideration of the possible impact of U.S. domestic politics would help clarify and respecify those aspects of the problem. Specifically, the influence of domestic interest groups (for example, exporters and foreign investors) and the relations between different government agencies (particularly State and Treasury) merit further attention. Finally, I do not test directly for the impact of a country's past agreements with the IMF, nor do I exclude cases from the data sample that already have a program in effect. The former is partially captured by the default variable. The latter is much less of a problem than it appears because loans are often canceled and immediately replaced, suggesting that having a program in effect at a given moment does not exclude a country from the eligible sample.

IMPLICATIONS

This paper has two central goals: 1) to determine the degree to which high politics affects IMF lending patterns; and 2) to develop and test a more precise and more general explanation of *how* high politics influences the behavior of multilateral organizations. Most researchers of the politics of IMF lending argue that the U.S. punishes enemies and rewards friends via its influence within the Fund's executive board. Those who introduce a somewhat greater degree of complexity do not adequately develop nor test the dynamic impact of international political realignment. Previous research on foreign aid more generally has attempted but generally failed to find a statistically significant relationship between aid flows and political conditionality.[94] This paper provides the first systematic evidence that politics does affect IMF lending, and its conceptual framework and statistical analysis demonstrate the political factors that are most important, the mechanisms through which they influence Fund behavior, and the more general relationship between multilateral organizations and their member states. The results obtained here show that movement toward the United States within a defined international political space (like that measured by UN voting patterns) can significantly increase a country's chances of receiving a loan from the IMF. This suggests that the U.S. has been more concerned with attracting new allies and punishing defectors than reward-

[93] Ruggie (fn. 2).
[94] See McKeown (fn. 48).

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TABLE 4
LOGIT COEFFICIENT ESTIMATES WITH CONTROL VARIABLES, 1985–94

Independent Variables	*Using Polity III Measures (1)*	*Using Freedom House Measures (2)*
BOP_{it-1}	-1.201×10^{-4}	-1.041×10^{-4}
	(1.184×10^{-4})	(1.192×10^{-4})
ΔBOP_{it}	6.235×10^{-5}	7.452×10^{-5}
	(11.02×10^{-5})	(11.19×10^{-5})
$PCBOP_{it-1}$	−0.002	−0.002
	(0.003)	(0.003)
$\Delta PCBOP_{it}$	−0.003	−0.003
	(0.003)	(0.003)
$CACCT_{it-1}$	9.496×10^{-5}	9.373×10^{-5}
	(13.09×10^{-5})	(13.14×10^{-5})
$\Delta CACCT_{it}$	2.163×10^{-4}	2.052×10^{-4}
	(1.332×10^{-4})	(11.327×10^{-4})
$CACCT/GNP_{it-1}$	−0.082*	−0.089*
	(0.049)	(0.049)
$\Delta CACCT/GNP_{it}$	−0.020	−0.021
	(0.043)	(0.043)
$DEBT_{it-1}$	1.933×10^{-5}	2.475×10^{-5}
	(2.01×10^{-5})	(2.00×10^{-5})
$\Delta DEBT_{it}$	-3.45×10^{-5}	-2.97×10^{-5}
	(8.35×10^{-5})	(8.21×10^{-5})
$PCDEBT_{it-1}$	0.001	0.002*
	(0.001)	(0.001)
$\Delta PCDEBT_{it}$	0.001	0.001
	(0.002)	(0.002)
$DEBT/GNP_{it-1}$	−0.014***	−0.016***
	(0.005)	(0.005)
$\Delta DEBT/GNP_{it}$	9.460×10^{-4}	6.491×10^{-4}
	(62.071×10^{-4})	(61.295×10^{-4})
INT/GNP_{it-1}	0.168	0.153
	(0.107)	(0.106)
$\Delta INT/GNP_{it}$	0.642***	0.663***
	(0.160)	(0.160)
$RES/DEBT_{it-1}$	−0.030*	−0.026*
	(0.018)	(0.017)
$\Delta RES/DEBT_{it}$	−0.026	−0.022
	(0.035)	(0.035)
$PCAPY_{it-1}$	-4.716×10^{-4}*	-6.376×10^{-4}*
	(4.072×10^{-4})	(3.833×10^{-4})
$DEFAULT_{it-1}$	0.653*	0.684*
	(0.361)	(0.364)
USX_{it-1}	1.079×10^{-4}	1.09×10^{-4}
	(0.928×10^{-4})	(0.897×10^{-4})

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TABLE 4 *(cont.)*

Independent Variables	*Using Polity III Measures* *(1)*	*Using Freedom House Measures* *(2)*
$USDFI_{it-1}$	-1.328×10^{-4}	-1.452×10^{-4}
	(1.03×10^{-4})	(1.037×10^{-4})
$KVOTE_{it-2}$	1.095	1.350
	(1.209)	(1.203)
$MKVOTE_{it-1}$	4.138***	4.464***
	(1.270)	(1.265)
$ENERGY_{it-1}$	-1.11×10^{-5}	-1.13×10^{-5}
	(0.86×10^{-5})	(0.85×10^{-5})
M/GDP_{it-1}	0.017	0.015
	(0.012)	(0.011)
$MGROW_{it-1}$	-1.032×10^{-4}	-0.715×10^{-4}
	(3.026×10^{-4})	(3.033×10^{-4})
$DEFICIT_{it-1}$	0.062	0.062
	(0.050)	(0.050)
$OPEN_{it-1}$	–0.538	–0.490
	(0.694)	(0.688)
DEM_{it-1}	–0.033	
	(0.103)	
$AUTH_{it-1}$	–0.055	
	(0.123)	
PR_{it-1}		0.099
		(0.168)
CL_{it-1}		–0.134
		(0.214)
Intercept	–2.253*	–2.533**
	(1.247)	(1.170)
Correctly predicted (%)	83.72	84.84
Model χ^2	99.94	106.79
p-value	$p < 0.0001$	$p < 0.0001$
	40 d.f.	40 d.f.

N = 436 for Column 1, N = 455 for Column 2. Standard errors are in parentheses below the estimates. Both specifications include temporal dummy variables (coefficients not reported).

* Significant at $p \leq 0.10$ level.

** Significant at $p \leq 0.05$ level.

*** Significant at $p \leq 0.01$ level.

ing loyal friends. It has been able to do so through multilateral channels like the IMF.

The evidence presented here also suggests that changes in the structure of the international system may have altered U.S. and IMF behavior but not in the predicted manner. In fact, these initial results suggest

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that the end of the cold war has been associated with the increasing politicization of the IMF by the U.S. There is evidence that the U.S. has been willing to reward friends and punish enemies only since 1990. During the cold war (at least in its last few years), unless they were moving closer to the U.S. politically, allies of the U.S. had no greater chance than its adversaries of receiving assistance from the Fund. Only in the post–cold war period have these countries been able to cash in on their political allegiance.

The demonstration of the systematic impact of international politics on IMF lending poses interesting methodological, theoretical, and practical implications. Methodologically, the use of key UNGA votes provides a more easily quantifiable and temporally sensitive alternative to traditional indicators of international political alignment, such as security alliances, military base locations, treaties, and content analysis. The use of this indicator may facilitate research in other areas of inquiry.

On a theoretical level, the evidence presented here suggests that multilateral organizations like the IMF, despite their enhanced influence in the developing world, are still most profitably analyzed within the parameters of an international political context shaped primarily by the industrialized nations. More specifically, there is strong evidence that the political interests of the United States drive much of the behavior of one of the most important multilateral organizations in the post-hegemonic global economy. I do not explore the reverse causal relationship—the impact of the IMF on U.S. interests and behavior[95]—but these results suggest more generally that the multilateral institutions are still quite sensitive to direct political pressures and influences from their more powerful member states. These influences translate into particular modes of behavior by the multilateral organizations themselves that can be analyzed conceptually, observed empirically, and tested statistically. The study of the role of international institutions and multilateral organizations must take into account not simply the fact that international political factors help determine their behavior on the input side. Such research should also view the operation of such entities as a tool used by the great powers to achieve specific, identifiable, political goals on the output side, such as realignment within the international system. The ability of the U.S. to employ such tools underscores the practical limits of multilateralism and confirms the rather dramatized fears of one of the original architects of the postwar international economic order, John Maynard Keynes:

[95] See Kahler (fn. 16), 93

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> There is scarcely any enduringly successful experience of an international body which has fulfilled the hopes of its progenitors. Either an institution has become diverted to the instrument of a limited group or else it has been a puppet — sawdust through which the breath of life does not blow.[96]

On the practical side, the experience of the IMF suggests that Keynes's first fear has been partially realized. To an extent, the U.S. has been able to use the IMF to further its own international political agenda. On perhaps a more positive note, his second fear of irrelevance appears to be a distant one, despite the relative economic decline of the U.S. and the end of the cold war. While undermining the principle of multilateralism, the continued strength of national influence over Fund behavior may well help maintain the stability of great power support for the multilateral organizations if those powers continue to reap important gains from them that may be more economically or politically costly to obtain bilaterally.[97] Such conclusions could help allay the fears of those within the U.S. Congress who question U.S. support for the IMF based on concerns that it would strengthen multilateralism at the expense of U.S. power.

Finally, as a multilateral organization, the IMF is in a sense a difficult or crucial case for political theories of international finance. It is easy to see how bilateral capital flows could be subjected to the push and pull of international and domestic politics, but on the executive board of the IMF any single country's power is diluted by the presence of other principals within the decision-making body. The structure of the Fund leaves the door open, but a priori we would expect to see less of an impact for politics in the IMF than in bilateral financial flows. If high politics affects IMF lending, then it should have an even stronger impact on national policies. A confirmation of the impact of political realignment on IMF lending therefore provides stronger corroboration of this theory than that which could be obtained in a study of bilateral capital flows and suggests that such ideas may be fruitfully applied to other areas of international finance and international relations more generally.

[96] Cited in Nick Butler, *The IMF, Time for Reform* (London: Fabian Society, 1982), 24.
[97] Cf. Ruggie (fn. 2), chap. 1.

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Appendix A
UNGA Key Votes as Identified by the Department of State, 1983–93

Year	*Issue*	*Resolution*	*Vote (Yes-No-Abstain-Absent)*[a]
1983	Israeli credentials	Motion	79(U.S.)-43-19
	Middle East situation	38/180E	81-27(U.S.)-17
	Afghanistan	38/29	116(U.S.)-20-17
	Kampuchea	38/3	105(U.S.)-23-19
	Grenada	Motion	60-54(U.S.)-24
	Grenada	38/7	108-9(U.S.)-27
	Chemical and bacteriological weapons	38/187C	97(U.S.)-20-30
	Human rights in El Salvador	38/101	84-14(U.S.)-45
	Collaboration with South Africa	38/39G	122-9(U.S.)-17
	South Africa	38/39A	124-16(U.S.)-10
1984	Kampuchea	39/5	110(U.S.)-22-18
	Afghanistan	39/13	119(U.S.)-20-18
	Israeli credentials	Motion	80(U.S.)-41-22
	Chemical and bacteriological weapons	39/65A	99(U.S.)-14-13
	Military activities in dependent areas	39/412	62(U.S.)-47-24
	Apartheid	Motion	50-56(U.S.)-28
	Middle East	39/146	28(U.S.)-69-23
	Human rights in El Salvador	39/119	93-11(U.S.)-40
	Economic commission for Africa Conference Center	39/236 (III)	83-3(U.S.)-13
	Middle East situation	39/146A	69-39(U.S.)-26
1985	Kampuchea	40/7	114(U.S.)-21-16
	Afghanistan	40/12	122(U.S.)-19-12
	Human rights in Afghanistan	40/137	80(U.S.)-22-40
	Human rights in Iran	40/141	53(U.S.)-30-45
	Israeli credentials	Motion	80(U.S.)-41-20
	Chemical and bacteriological weapons	40/92C	112(U.S.)-16-22
	Namibia	Vote to retain 40/97B	54-63(U.S.)-29
	Middle East	Vote to retain 40/168A	64-33(U.S.)-41
	Central America	40/188	91-6(U.S.)-49
	Budget	40-253A	127-10(U.S.)-11
1986	Kampuchea	41/6	115(U.S.)-21-13
	Israeli credentials	Motion	77(U.S.)-40-16
	Nicaragua	41/31	94-3(U.S.)-47
	Afghanistan	41/33	122(U.S.)-20-11
	Libya	41/38	79-28(U.S.)-33
	Namibia	Vote to retain 41/39A	57-46(U.S.)-40
	Chemical and bacteriological weapons	41/58C	137(U.S.)-0-14
	Supplemental budget	41/211	122-13(U.S.)-10
	Human rights in Afghanistan	41/158	89(U.S.)-24-36

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APPENDIX A *(cont.)*

Year	*Issue*	*Resolution*	*Vote (Yes-No-Abstain-Absent)*[a]
	Middle East	Vote to retain 41/162A	66-38(U.S.)-41
1987	Israeli credentials	Motion	80(U.S.)-39-10-30
	Kampuchea	42/3	117(U.S.)-21-16-5
	Trade embargo against Nicaragua	42/176	94-2(U.S.)-48-15
	Afghanistan	42/15	123(U.S.)-19-11-6
	Human rights in Iran	42/136	64(U.S.)-22-45-28
	Apartheid	Vote to retain 42/23C	78-38(U.S.)-27-16
	Comprehensive system of international peace and security	42/93	76-12(U.S.)-63-8
	Program budget for the Biennium 1988–89	42/226	146-1-3(U.S.)-9
	Human rights in Afghanistan	42/135	94(U.S.)-22-31-12
	Middle East	Vote to retain 42/209B	64-33(U.S.)-41-21
1988	Israeli credentials	Motion	95(U.S.)-41-7-16
	Comply with International Court of Justice verdict in Nicaragua vs. U.S.	43/11	89-2(U.S.)-48-20
	Condemn foreign intervention in Cambodia	43/19	122(U.S.)-19-13-5
	Critical of human rights abuses in Iran	43/137	61(U.S.)-25-44-29
	Change name of PLO to "Palestine" in UN usage	43/177	104-2(U.S.)-36-17
	USSR resolution on international peace and security	43/89	97-3(U.S.)-45-14
	External debt crisis and development	43/198	150-1(U.S.)-1-7
	Foreign intervention in Afghanistan	43/20	Adopted by consensus[b]
	Genuine and periodic elections	43/157	Adopted by consensus[b]
	Program budget outline	43/214	Adopted by consensus[b]
1989	Israeli credentials	Motion	95(U.S.)-37-15
	Situation in Kampuchea	44/22	124(U.S.)-17-12
	Situation in the Middle East	Paragraph vote	63-35(U.S.)-47
	Situation in the Middle East: Palestine and International Peace Conference	44/40A	109-18(U.S.)-31
	Situation in the Middle East: Golan Heights	44/40B	84-22(U.S.)-49
	International Court of Justice judgment re: Nicaragua	44/43	91-2(U.S.)-41
	UNRWA: Assistance to Palestine refugees	44/47A	134(U.S.)-0-1

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APPENDIX A *(cont.)*

Year	*Issue*	*Resolution*	*Vote (Yes-No-Abstain-Absent)*[a]
	Questions relating to information	44/50	127-2(U.S.)-21
	Cessation of all nuclear test explosions	44/105	136-3(U.S.)-13
	Amendment of the Limited Test Ban Treaty	44/106	127-2(U.S.)-22
	Prevention of an arms race in outer space	44/112	153-1(U.S.)-0
	Nuclear arms freeze	44/117D	136-13(U.S.)-5
	Indian Ocean Zone of Peace	44/120	137-4(U.S.)-14
	Enlargement of the Commission on Human Rights	44/167	151-2(U.S.)-2
	Trade embargo against Nicaragua	44/217	82-2(U.S.)-47
	Military intervention in Panama	44/240	75-20(U.S.)-40
1990	Comprehensive Nuclear Test Ban Treaty	45/51	140-2(U.S.)-6
	Bilateral nuclear arms negotiations	45/58H	99(U.S.)-0-50
	UNRWA: Assistance to Palestine refugees	45/73A	146(U.S.)-0-1
	Situation in the Middle East	Paragraph vote	52-37(U.S.)-49
	Situation in the Middle East: Palestine and International Peace Conference	45/83A	99-19(U.S.)-32
	Situation in the Middle East: Golan Heights	45/83B	84-23(U.S.)-41
	Periodic and genuine elections—UN electoral assistance	45/150	129(U.S.)-8-9
	Human rights in Occupied Kuwait	45/170	144(U.S.)-1-0
	Entrepreneurship	45/188	138(U.S.)-1-0
1991	IAEA report	Motion	88(U.S.)-25-26
	IAEA report	46/16	141(U.S.)-0-9
	Comprehensive Nuclear Test Ban Treaty	46/29	147-2(U.S.)-4
	Register of conventional arms transfers	46/36L	150(U.S.)-0-2
	UNRWA	46/46A	137(U.S.)-0-1
	Palestine—International Peace Conference	46/75	104-2(U.S.)-43
	Middle East—Palestinian question	46/82A	93-27(U.S.)-37
	Zionism/racism	Motion	34-96(U.S.)-13
	Zionism/racism	46/86	111(U.S.)-25-13
	Human rights in Occupied Kuwait	46/135	155(U.S.)-1-0
	Periodic and genuine elections	46/137	134(U.S.)-4-13
	Political and economic coercion	46/210	97-30(U.S.)-9
1992	Yugoslavia: UN membership	47/1	127(U.S.)-6-26
	IAEA report	47/8	146(U.S.)-0-5
	U.S. embargo of Cuba	47/19	59-3(U.S.)-71
	Comprehensive Nuclear Test Ban Treaty	47/47	159-1(U.S.)-4
	Maintenance of international security	47/60B	79(U.S.)-0-84
	Middle East—Golan Heights	47/63A	72-3(U.S.)-70
	Palestine—International Peace Conference	47/64D	93-4(U.S.)-60

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APPENDIX A *(cont.)*

Year	*Issue*	*Resolution*	*Vote (Yes-No-Abstain-Absent)*[a]
	UNRWA	47/69A	136(U.S.)-0-2
	Israeli practices	47/70A	83-5(U.S.)-55
	Situation in Bosnia and Herzegovina	47/121	102(U.S.)-0-57
	Periodic and genuine elections	47/138	141(U.S.)-0-20
	Human rights in Cuba	47/139	69(U.S.)-18-64
	Human rights in Sudan	47/142	104(U.S.)-8-33
	Human rights in Iraq	47/145	126(U.S.)-2-26
	Human rights in Iran	47/146	86(U.S.)-16-38
	External debt problems and development	47/198	158-1(U.S.)-0
1993	IAEA report	48/14	140(U.S.)-1-9
	U.S. embargo of Cuba	48/16	88-4(U.S.)-57
	Middle East peace process	48/58	155(U.S.)-3-1
	Middle East—Golan Heights	48/59B	65-2(U.S.)-83
	Israeli nuclear armament	48/78	53-45(U.S.)-65
	Situation in Bosnia and Herzegovina	48/88	109(U.S.)-0-57
	Periodic and genuine elections	48/131	153(U.S.)-0-13
	Human rights in Cuba	48/142	74(U.S.)-20-61
	Human rights in Iraq	48/144	116(U.S.)-2-43
	Human rights in Iran	48/145	74(U.S.)-23-51
	Human rights in Sudan	48/147	111(U.S.)-13-30
	Peaceful settlement of Palestine question	48/158D	92-5(U.S.)-51
	External debt problems of developing countries	48/182	164-1(U.S.)-0

SOURCE: U.S. Department of State, *Report to Congress on Voting Practices in the United Nations*, various years.

[a] U.S. vote shown in parentheses. Abstentions and absences combined from 1983–86. Only yes-no-abstain votes given for 1989–93.

[b] No records kept of which member states were present for consensus resolutions. Not included in voting index scores of countries.

APPENDIX B
COUNTRIES USED IN THE ANALYSIS

Algeria, Argentina, Bahamas, Bangladesh, Barbados, Benin, Bolivia, Botswana, Brazil, Burma/Myanmar, Burundi, Cameroon, Central African Rep., Chad, Chile, China, Colombia, Comoros, Congo, Costa Rica, Côte d'Ivoire, Cyprus, Dominican Rebublic, Ecuador, Egypt, El Salvador, Equatorial Guinea, Ethiopia, Fiji, Gabon, Gambia, Ghana, Grenada, Guatemala, Guyana, Haiti, Honduras, India, Indonesia, Jamaica, Jordan, Kenya, Lesotho, Liberia, Madagascar, Malawi, Malaysia, Mali, Malta, Mauritania, Mauritius, Mexico, Morocco, Nepal, Nicaragua, Niger, Nigeria, Oman, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Romania, Rwanda, Senegal, Sierra Leone, Somalia, Sri Lanka, Sudan, Swaziland, Syria, Tanzania, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, Uruguay, Venezuela, Yemen Arab Republic, P.D. Republic of Yemen, Yugoslavia, Zaire, Zambia

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DEMOCRACY, INDIGENOUS MOVEMENTS, AND THE POSTLIBERAL CHALLENGE IN LATIN AMERICA

By DEBORAH J. YASHAR*

RECENT scholarship on third-wave democracies has come to focus on consolidation. After a decade of debates about the uncertainty of democratic transitions, scholars have become much less tentative about the prospects for democracy. Rather than study the sociopolitical processes by which social forces and states shape, support, and/or jeopardize the terms and direction of democracy, scholars have returned to an older intellectual tradition of comparing institutional differences between different governments and party systems. Accordingly, they explain the capacity to consolidate democracy largely as a function of institutional design.

This article takes issue with the conceptual and analytical underpinnings of the democratic consolidation literature. Specifically, it highlights how new political institutions, rather than securing democratic consolidation across the board, have in fact had a more checkered effect—as evidenced by the incomplete reach of the state, the survival of

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[1] This argument draws on Joel S. Migdal, *Strong Societies and Weak States: State-Society Relations and State Capabilities in the Third World* (Princeton: Princeton University Press, 1988); Joel Migdal, Atul Kohli, and Vivienne Shue, eds., *State Power and Social Forces: Domination and Transformation in the Third World* (Cambridge: Cambridge University Press, 1994); and Guillermo O'Donnell, "On the State, Democratization and Some Conceptual Problems: A Latin American View with Glances at Some Postcommunist Countries," *World Development* 21 (August 1993).

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authoritarian enclaves, the uneven incorporation of social sectors, and the emergence of opposing social forces.[1] Indeed, many ostensibly consolidated democracies now find themselves being challenged by movements rallying against the failure of states to universalize democratic practices and secure political autonomy. Ethnic movements, in particular, have come increasingly to contest the foundations and contours of contemporary democratic and liberal institutions. These emergent movements have sparked fundamental political debates over territorial autonomy, legal pluralism, citizenship, representation, and multiculturalism.

These developments are particularly striking and consequential in Latin America. The regions' third-wave democracies have experienced increasing politicization of indigenous identities and organization of indigenous movements,[2] phenomena that appear to reverse the region's comparative historical record of weakly politicized ethnic cleavages.[3] These movements are most prominent in countries with large and moderate-size indigenous populations (Bolivia, Guatemala, Ecuador, and Mexico), but they have also provoked important debates and reforms in countries with small indigenous populations (Colombia, Brazil, and Chile). Indigenous movements have engaged in mass mobilizations, roadblocks, electoral campaigns, and policy negotiations. Unlike the class-based guerrilla wars of decades past, however, indigenous activists and movements do not seek to overthrow the state but rather are looking to reform democracy.

This article analyzes the politicization of ethnic cleavages as a springboard for delineating why the theoretical expectations of the democratic consolidation literature have not been realized; it then proposes how one might better theorize about democratic politics. It focuses on Latin America, the least likely case, where rural ethnic movements have come to assume increasing importance in the new de-

[2] See Rodolfo Stavenhagen, "Challenging the Nation-State in Latin America," *Journal of International Affairs* 45 (Winter 1992); Richard Chase Smith, "A Search for Unity within Diversity: Peasant Unions, Ethnic Federations, and Indianist Movements in the Andean Republics," in Theodore MacDonald Jr., ed., *Native Peoples and Economic Development* (Cambridge: Cultural Survival, 1985); Donna Lee Van Cott, ed., *Indigenous Peoples and Democracy in Latin America* (New York: St. Martin's Press, 1994); Deborah J. Yashar, "Indigenous Protest and Democracy in Latin America," in Jorge I. Domínguez and Abraham F. Lowenthal, eds., *Constructing Democratic Governance: Latin America and the Caribbean in the 1990s—Themes and Issues* (Baltimore: Johns Hopkins University Press, 1996); idem, "Contesting Citizenship: Indigenous Movements and Democracy in Latin America," *Comparative Politics* 31 (October 1998).

[3] See Crawford Young, *The Politics of Cultural Pluralism* (Madison: University of Wisconsin Press, 1976), chap. 11; Donald L. Horowitz, *Ethnic Groups in Conflict* (Berkeley: University of California Press, 1985); Ted Robert Gurr with Barbara Harff, Monty G. Marshall, and James R. Scarritt, *Minorities at Risk: A Global View of Ethnopolitical Conflicts* (Washington, D.C.: United States Institute of Peace Press, 1993).

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mocracies, despite a contemporary history of weakly politicized ethnic cleavages.[4] The first section explains the increasing political salience of indigenous identities in twentieth-century Latin America by analyzing the unintended consequences of changing state-society relations. I argue that neoliberal-inspired citizenship reforms throughout the region have unintentionally challenged local autonomy, politicized ethnic identity, and catalyzed indigenous movements. The second section discusses the "postliberal challenge" that new indigenous movements pose for Latin America's third-wave democracies and for liberal state formation. Insofar as these movements demand new forms of representation, political autonomy, and multicultural recognition, they have once again engaged Latin America in a struggle over the kinds of democracies that will be built; the rights, responsibilities, and identities of citizens; and the ties that bind citizens to the state. Democratic institutions are therefore anything but consolidated. Rather, they are the subject of fundamental debates and the locus of far-reaching reforms, as evidenced by political negotiations and legislation throughout the region.

The final section discusses the implications of the prior analysis for how one studies politics in the region's new democracies. It questions the literature's conceptual focus on democratic consolidation and its analytic assumption of the power of new governmental institutions to define new interests, identities, and behavior uniformly and single-handedly. If conceptually this literature misconstrues regime endurance for consolidation, analytically it privileges governmental institutions as independent variables without explicitly evaluating alternative factors. As such it mistakenly *assumes* not only a competent and capable state but also a preconstituted society that will respond

[4] This article restricts its focus to indigenous identities, communities, and movements in the countryside, where the majority of self-identified Indians continue to reside. Most communities and movements have developed urban and occasionally international ties through markets, migration, and the rise of participation by nongovernmental organizations. However, even in these cases of increasing urban and international penetration, the *communities* in question remain geographically *rural*. This article does *not* address the politicization of racial cleavages in Latin America. The politicization of black identities, which has emerged in a different historical context, has been largely limited to urban movements and has resulted in types of political demands that are different from those voiced by indigenous movements in Latin America. For competing views on racial cleavages and their politicization, see Carl N. Degler, *Neither Black nor White: Slavery and Race Relations in Brazil and the United States* (Madison: University of Wisconsin Press, 1971); Pierre-Michel Fontaine, ed., *Race, Class, and Power in Brazil* (Los Angeles: University of California, 1985); Howard Winant, "Rethinking Race in Brazil," *Journal of Latin American Studies* 24 (February 1992), 173–92; Richard Graham, ed., *The Idea of Race in Latin America, 1870–1940* (Austin: University of Texas Press, 1990); Michael Hanchard, *Orpheus and Power: The Movimento Negro of Rio de Janeiro and Sao Paulo, 1945–1988* (Princeton: Princeton University Press, 1994); NACLA, "The Black Americas, 1492–1992," *Report on the Americas* 25 (February 1992); Peter Wade, *Race and Ethnicity in Latin America* (London: Pluto Press, 1997); and Anthony W. Marx, *Making Race and Nation* (Cambridge: Cambridge University Press, 1998).

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predictably to institutional change. As this article highlights, however, one cannot isolate these governmental institutions from their moorings in state and society. Indeed, we need to *analyze* democratic politics in the context of *state-society relations* by evaluating the reach of state institutions and assessing the broader social forces that surround, support, and oppose the terms of democracies' new institutions. Failing to do so, we necessarily underestimate the extent to which the third wave has initiated a new period of democratic politics in which the social, political, and institutional terms of political exchange remain qualitatively more open and more uncertain than depicted by the contemporary institutional theorizing about democratic consolidation.

Citizenship Regimes and the Uneven Reach of the State

The contemporary round of democratization restored electoral politics to Latin America, reviving and reforming democratic rule throughout the region. These political regime changes did more than usher in new electoral institutions, however. Indeed, they oversaw a radical shift in the content of citizenship that set state-society relations along a new course. Marshall has underscored that citizenship is a differentiated bundle of rights and responsibilities that can include civil rights (freedom of organization and expression), political rights (suffrage), and social rights (the right to a minimum standard of living).[5] The contemporary democracies in Latin America have reshuffled this trilogy of potential citizenship rights—in some places expanding who may vote and in all places restricting the social rights and responsibilities that citizenship confers on citizens and states alike. In Latin America's new democracies the changing content of citizenship has also been accompanied by a change in the primary modes of interest intermediation between state and society, such that the new regimes have significantly weakened corporatist institutions and tried to replace them with more pluralist forms.

The patterned combination of citizenship rights and the accompanying modes of interest intermediation is referred to here as "citizen-

[5] T. H. Marshall, "Citizenship and Social Class," *Class, Citizenship, and Social Development* (Garden City, N.Y.: Doubleday, 1963). This article does not assume, as does Marshall, that there is a natural progression of citizenship rights and/or that they are irreversible. For alternative discussions of citizenship, see Ronald Beiner, ed., *Theorizing Citizenship* (Albany: State University of New York Press, 1995); Will Kymlicka, *Multicultural Citizenship* (Oxford: Oxford University Press, 1995); Yasemin Nuhoğlu Soysal, *Limits of Citizenship: Migrants and Postnational Membership in Europe* (Chicago: University of Chicago Press, 1994); and Gershon Shafir, ed., *The Citizenship Debates: A Reader* (Minneapolis: University of Minnesota Press, 1998).

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ship regimes."[6] Empirically speaking, modes of interest intermediation and citizenship rights have tended to go together, even though theoretically speaking they do not have to. These citizenship regimes have taken different forms over time. Thus, from the mid-twentieth century on, Latin American states, whether democratic or authoritarian, tended to promote corporatist citizenship regimes. They extended social rights (including subsidies, credit, health care, education, and the like) and institutionalized corporatist modes of interest intermediation for workers and peasants, in particular. In the new democracies, by contrast, states have tended to promote neoliberal citizenship regimes.[7] The expansion of political and civil rights has tended to coincide with the decline in social rights and the promotion of liberal or pluralist modes of interest intermediation. Organized social sectors (such as workers and peasants) have lost their state assurance of a basic standard of living and similarly have lost their main institutional means of accessing and occasionally influencing the state. Although citizenship regimes have such significant consequences for state-society relations, however, they are neither equal to nor derivative of political regimes. As we will see, corporatist and neoliberal citizenship regimes developed in democratic and authoritarian regimes in Latin America (and Western Europe, for that matter).

Both corporatist and neoliberal citizenship regimes profoundly and intentionally reshaped state institutions and resources, as well as the terms of public access to them. Because of the uneven reach of the state, however, they had unintended consequences. Thus, in attempting to restructure society into class-based federations that could be controlled from above, corporatist citizenship regimes unwittingly provided autonomous spaces that could shelter rural indigenous communities from state control. And for their part, neoliberal citizen-

[6] I borrow the phrase "citizenship regime" from Jenson and Phillips. They use the term to refer to the varying bundles of rights and responsibilities that citizenship can confer. This article expands the term to refer not only to the content of citizenship but also to its accompanying modes of interest intermediation. See Jane Jenson and Susan D. Phillips, "Regime Shift: New Citizenship Practices in Canada," *International Journal of Canadian Studies* 14 (Fall 1996).

[7] I label the latter citizenship regime as *neo*liberal for three reasons. First, I want to distinguish it from T. H. Marshall's description of earlier British liberal citizenship regimes, where civil and political rights were extended but social rights were not yet on the political agenda. The sequencing of citizenship rights that Marshall identified, while perhaps applicable to the late-nineteenth-century liberal periods in Latin America, does not apply to the contemporary Latin American context, where social rights were dismantled and civil and political rights extended. Second, I want to distinguish it from the liberal periods that marked the second half of nineteenth-century Latin American politics. Finally, I want to link the contemporary neoliberal citizenship regimes to the contemporary neoliberal reforms that have redefined Latin America's political economies and dismantled many of the social programs that were once tied to social rights.

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ship regimes setting out to shatter corporatism's class-based integration and replace it with a more atomized or individuated set of state-society relations in fact challenged the indigenous local autonomy that corporatism had unknowingly fostered, failed to secure the individual rights that neoliberalism had promised, and consequently politicized ethnic cleavages throughout the region. In short corporatist and neoliberal citizenship regimes had foundational projects for state and society that were consequential but unevenly institutionalized. From the top looking down, these projects restructured society in radical ways. From the bottom looking up, however, these new projects of state formation and interest intermediation have been contested at many steps along the way. This section juxtaposes the formal goals and the unintended consequences of these two citizenship regimes.

Corporatist Citizenship Regimes

At midcentury most Latin American states were experimenting with a corporatist form of citizenship regime.[8] Latin American corporatism did not necessarily advance political rights (suffrage), for it was constitutive as much of authoritarian regimes as of democratic ones. However, it generally advanced the idea that citizens have some civil rights (the right to organize under certain circumstances) and some social rights (the right to a basic standard of living). It created and/or promoted labor and peasant associations that (1) structured and often monopolized official representation, (2) received state subsidies, and (3) were controlled by the state. As Collier notes, however, the degree to which corporatism actually structured, subsidized, and controlled these federations varied significantly from case to case and over time.[9]

As part of this mid-twentieth-century corporatist project Latin American states incorporated Indians. They sought to cast aside ethnic categories (which supported ongoing attempts at nation building) and to reconstitute Indians as national peasants.[10] The states did so largely

[8] For classic perspectives on Latin American corporatism, see James M. Malloy, ed., *Authoritarianism and Corporatism in Latin America* (Pittsburgh, Pa.: University of Pittsburgh Press, 1977). For a seminal comparative analysis of Latin American corporatism, see Ruth Berins Collier and David Collier, *Shaping the Political Arena: Critical Junctures, the Labor Movement, and Regime Dynamics* (Princeton: Princeton University Press, 1991).

[9] David Collier, "Trajectory of a Concept: 'Corporatism' in the Study of Latin American Politics," in Peter H. Smith, ed., *Latin America in Comparative Perspective: New Approaches to Methods and Analysis* (Boulder, Colo.: Westview Press, 1995). State commitments to class-based federations, for example, weakened under the authoritarian regimes of the 1970s.

[10] Ethnicity and class are not the only axes for organizing grassroots mobilization in rural Latin America. Political parties, religious organizations, and cooperatives, for example, also competed for membership. However, from a national and comparative perspective they were generally not the most important players in redefining the rural landscape.

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through land reforms that "emancipated" Indians from repressive and/or exploitative forms of labor control (thereby holding out to them the prospect of autonomous citizenship), occasionally distributed land and credit (thereby extending social rights), and incorporated them through peasant associations (thereby organizing them along corporatist lines). Land reforms in Mexico (1934), Bolivia (1953), Guatemala (the short-lived reform of 1952), Ecuador (1964 and 1973), and Peru (1968), for example, weakened landed elites' control of the countryside, redistributed significant tracts of land, and provided incentives for Indians to register as peasant communities. This registration reorganized the countryside along state-regulated corporatist lines, with many peasant communities joining peasant federations in hopes of gaining access to land and the state. These corporatist reforms brought with them the creation and expansion of social services in the areas of agricultural support, infrastructure, education, and health. Access to land and these services was often gained through corporatist associations. In short, the state and union organizations imposed a class identity on Indians as the ticket for political incorporation and access to resources.

The registration of peasant communities and the growth of peasant federations, in particular, fostered the fiction that the state had turned Indians into peasants and stripped indigenous ethnicity of its salience. Until recently, studies of corporatism highlighted the strong reach of these corporatist institutions and their capacity to control and remake these social sectors. Latin American corporatist states presumably centralized state-society relations. Yet this enterprise was compromised by the absence of a rationalized bureaucracy, the failure to establish authority, and a lack of monopoly on the legitimate use of force. Hence, despite official statements and institutions of corporatist control, large areas of the country operated beyond the reach of the state. Authoritarian enclaves were dominated by patronage and clientelist networks. Caudillos and landlords at times deployed their own paramilitary forces, created their own political rules, displayed greater allegiance to subnational politics than to national politics, and/or deployed state institutions for their benefit.[11] Moreover, studies of the Amazon have long noted the failure of states to govern the Amazon—leaving large

[11] Jonathan Fox, "The Difficult Transition from Clientelism to Citizenship: Lessons from Mexico," *World Politics* 46 (January 1994); idem, "Latin America's Emerging Local Politics," *Journal of Democracy* 5 (April 1994); Frances Hagopian, *Traditional Politics and Regime Change in Brazil* (New York: Cambridge University Press, 1996); Gilbert M. Joseph and Daniel Nugent, eds., *Everyday Forms of State Formation: Revolution and the Negotiation of Rule in Modern Mexico* (Durham, N.C.: Duke University Press, 1994); and R. Andrew Nickson, *Local Government in Latin America* (Boulder, Colo.: Lynne Rienner, 1995).

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swaths of territory and significant numbers of Indians beyond the political and military control of the state. [12] In short, the uneven reach of the state undermined the centralizing program.

In this context, state efforts to build and register peasant communities had unintended consequences. Via land reform and credit programs, Indians secured the spaces in which they could institutionalize indigenous community practices at the local level.[13] In more ways than one, the distribution of inviolable communal lands to registered peasant communities provided Indians with the physical space not only for farming but also for securing governance by traditional indigenous authorities. In this way the legal registration of communities and granting of community-based property created a legally defined, state-sanctioned geographic area that allowed for the growth and/or maintenance of politically autonomous local enclaves, indigenous culture, and political practices. Otherwise stated, land reforms masked the maintenance of indigenous autonomy and often engendered the (re)emergence of indigenous leaders, the (re)constitution of communities, and the expression of (evolving) indigenous identities at the community levels.

In Mexico, for example, the land reform accompanied the creation of a national peasant federation, the CNC, and distributed property in many forms. Of these, the distribution of *ejidos* (communally owned land) unwittingly provided the greatest latitude for local indigenous autonomy—they were community based, inalienable, and, while regulated, often beyond state control.[14] In Bolivia the national revolutionary governments of the 1950s and the subsequent military governments between 1964 and 1974 also incorporated Indians into the state as peasants. As in Mexico, they depended on alliances and pacts with

[12] States did not actively seek to harness the Amazon region until the latter part of the twentieth century. Prior to that they had mapped out boundaries that de facto included Indians as members, though not necessarily citizens, of the given state. See Lucy Ruiz, ed., *Amazonía: Escenarios y conflictos* (Quito: CEDIME and Ediciones Abya Yala, 1993); Fernando Santos Granero, ed., *Globalización y cambio en la amazonía indígena* (Quito: FLACSO and Ediciones Abya Yala, 1996); Richard Chase Smith, "La política de la diversidad. COICA y las federaciones étnicas de la Amazonía," in Stefano Varese, ed., *Pueblos indios, soberanía y globalismo* (Quito: Ediciones Abya Yala, 1996).

[13] In Eugen Weber's classic study of nation building, he illuminates how the French state turned peasants into Frenchman. See Weber, *Peasants into Frenchmen: The Modernization of Rural France, 1870–1914* (Stanford, Calif.: Stanford University Press, 1976). I suggest here that Latin American efforts to turn Indians into peasants in fact created the space in which they could defend and develop a local indigenous identity.

[14] Jeffrey W. Rubin, *Decentering the Regime: Ethnicity, Radicalism, and Democracy in Juchitán Mexico* (Durham, N.C.: Duke University Press, 1997); Neil Harvey, *The Chiapas Rebellion* (Durham, N.C.: Duke University Press, 1998); Valentina Napolitano and Xochitl Leyva Solano, eds., *Encuentros antropológicos: Politics, Identity, and Mobility in Mexican Society* (London: Institute of Latin American Studies, 1998); Fox (fn. 11); and Shannan Mattiace, "¡Zapata Vive! The Ezln, Indian Politics and the Autonomy Movement in Mexico," in George A. Collier and Lynn Stephen, special eds., *Journal of Latin American Anthropology* 3, no. 1 (1997).

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peasant federations, which were expected both to deliver votes to the government and to control the local communities. Contrary to the hopes of politicians and military officers, Bolivia simultaneously witnessed the defense and/or reconstitution of *ayllus* (kinship groups governed by a set of local-level indigenous authorities).[15] In Ecuador the 1937 community law and later the 1964 and 1973 land reforms defined indigenous men and women as peasants and gave them access to the state insofar as they represented themselves as peasant communities and/or unions. Indeed, the number of registered peasant communities skyrocketed in the 1960s and 1970s.[16] However, at the local level, many indigenous communities continued to maintain some form of indigenous practices and institutions.[17]

Corporatism, therefore, created a dynamic dualism, with identities shifting according to the locale: for the state, Indians assumed identities as peasants; within the community, peasants assumed their identities as Indians.[18] Location therefore mattered for the expression of identity. Where the state incompletely penetrated local communities (nowhere more evident than in the Amazon), Indians sustained a certain degree of political autonomy by retaining and/or creating authority systems and customs.[19] Over time the boundaries did not remain so clear. Indigenous authorities and rules shaped union politics just as union authorities and rules began to shape community dynamics.

Neoliberal Citizenship Regimes

With the transition from authoritarian rule in the late 1970s and the early 1980s, Latin American reformers reestablished democratic insti-

[15] Silvia Rivera Cusicanqui y equipo THOA, *Ayllus y proyectos de desarrollo en el norte de Potosí* (La Paz: Ediciones Aruwiyiri, 1992); Esteban Ticona A., Gonzalo Rojas O., and Xavier Albó C., *Votos y wiphalas: Campesinos y pueblos orginarios en democracia* (La Paz: Fundación Milenio and CIPCA, 1995); and Juliana Ströbele-Gregor, "Culture and Political Practice of the Aymara and Quechua in Bolivia: Autonomous Forms of Modernity in the Andes," *Latin American Perspectives* 23 (Spring 1996).

[16] Leon Zamosc, *Estadística de las áreas de predominio étnico de la sierra ecuatoriana: Población rural, indicadores cantonales y organizaciones de base* (Quito: Ediciones Abya Yala, 1995).

[17] A similar pattern emerged following land-reform programs in Guatemala (1944–54) and Peru (1968). Given high levels of repression, however, corporatist policies and institutions were undermined and dismantled shortly after they were created. Nonetheless, the general outline of this argument remains. While states promoted national ideals, indigenous communities found ways to shelter their right to sustain and develop ethnic identities and ties.

[18] This duality is captured by disciplinary differences in the social sciences. Political scientists working on this period have highlighted the centrality of class, the peasantry, and corporatist organizations, as if they displaced community autonomy and ethnic identities. Anthropologists have historically focused on the local level and, in turn, have highlighted community autonomy and ethnicity, often at the expense of broader patterns of state-society relations.

[19] Corporatist citizenship regimes barely penetrated the Amazon. Amazonian Indians rarely formed part of peasant federations and states did not have the resources to control them. Consequently, Amazonian Indians had even more autonomy than Andean and Mesoamerican Indians.

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tutions. The original democratic reforms left intact many of the vertical corporatist institutions and corporatist social policies just discussed. However, with the economic crisis of the 1980s and 1990s, many states began to reassess their capacity for maintaining a corporatist citizenship regime and the desirability of doing so, with all that that entailed—social rights plus structured and hierarchical class-based federations that were to mediate between state and society. Adopting a neoliberal discourse, they advocated instead individual autonomy and responsibility, a program based on granting individual political and civil rights (but not necessarily social rights), emasculating corporatist organizations, and advocating the retreat of the state.[20]

This shift in citizenship regimes has had significant consequences for indigenous peoples. Individual rights have been promoted at the expense of corporate organizations—peasant and labor federations—that had served as the primary (at times the only) mode of interest intermediation between state and society. These federations have lost political and social leverage throughout the region, and with this Indians have lost their formal ties to the state.[21] The shift has also informed the adoption of stabilization and structural adjustment policies that have drastically cut back social services and goods that ostensibly were designed to secure a basic social standard of living for citizens. Most dramatically for Indians, states have privatized land markets, liberalized agricultural prices, eliminated agricultural subsidies, and diminished credit programs.[22] These reforms (particularly efforts to privatize land markets and to privilege the individual over the corporate unit) echo late-nineteenth-century liberal reforms that were incontrovertibly detrimental to indigenous peoples. In both cases, the reforms threatened a communal land base that the state had once made inviolable.[23]

[20] There is a healthy and unresolved theoretical debate about whether the core of liberal thought is based on toleration or autonomy. But it would be foolish to argue in the Latin American context that there is one coherent core, as the region's history of liberalism is undeniably syncretic.

[21] Several states did have national indigenous institutes. However, these rarely if ever served as interlocutors between Indians and the state.

[22] Catherine M. Conaghan and James M. Malloy, *Unsettling Statecraft: Democracy and Neoliberalism in the Central Andes* (Pittsburgh, Pa.: University of Pittsburgh Press, 1994); Miguel Urioste Fernández de Córdova, *Fortalecer las comunidades: Una utopía subversiva, democrática . . . y posible* (La Paz: AIPE/PROCOM/TIERRA, 1992); Nora Lustig, *Coping with Austerity: Poverty and Inequality in Latin America* (Washington, D.C.: Brookings Institution, 1995); Alain de Janvry et al., *The Political Feasibility of Adjustment in Ecuador and Venezuela* (Paris: OECD, 1994); Samuel A. Morley, *Poverty and Inequality in Latin America: The Impact of Adjustment and Recovery in the 1980s* (Baltimore and London: Johns Hopkins University Press, 1995).

[23] Indians resisted both sets of reforms. However, the isolated and ephemeral terms of indigenous historical resistance differ from the more organized and sustained contemporary indigenous movements. See fn. 2.

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The reconfiguration of local political power, control, and administration has also occurred through decentralization programs to check the central state and to break up the concentration of administrative, fiscal, and political power. Although changes in Bolivia, Brazil, Colombia, Guatemala, and Venezuela have been particularly noteworthy, the new trends are evident throughout the region.[24] Decentralization programs, as a new type of state formation, have devolved varying degrees of power to more local units (municipalities, provinces, regions, and so on) and, in turn, have created a more localized space for agglomerating individual preferences, calculating decisions, and implementing programs. While creating a new layer of political bureaucracy, they have also created additional entry points for individuals to try to shape local and national politics. Moreover decentralization has created more possibilities for holding political leaders accountable for their (in)action. It has attempted to institutionalize a new form of democratic politics: both more liberal and more local. The geography of democracy, in other words, has shifted away from rationally sanctioned corporatist institutions and toward more pluralist and local forms of interest intermediation.

With the promise of equal rights and greater political participation, neoliberal citizenship regimes would seem to hold out great hope for democratizing politics. Yet, as the next section underscores, Latin American states have not secured these neoliberal citizenship rights—in particular, for Indians—even while they start to take away the social rights, access to the state, and indigenous local autonomy once unwittingly associated with corporatist citizenship regimes. This inability to secure neoliberal citizenship regimes is in large part a function of the weak reach and retreat of the state.

Weber argued in his classic statement: "The state is a human community that (successfully) claims the monopoly of the legitimate use of physical force within a given territory."[25] In Latin America, however, as in most of Africa, Asia, and the Middle East, this standard is still largely unmet. Many of Latin America's central political institutions remain weak, commitment to those institutions remains questionable, and the territorial scope of those institutions remains ambiguous.[26]

[24] Eliza Willis, Christopher da C.B. Garman, and Stephan Haggard, "The Politics of Decentralization in Latin America," *Latin American Research Review* 34, no. 1 (1999).

[25] Max Weber, "Politics as a Vocation," *From Max Weber: Essays in Sociology,* ed. and trans. H. H. Gerth and C. Wright Mills (New York: Oxford University Press, 1946), 78.

[26] State formation is a process of political mapping. As Scott has argued, it requires a situation of mutual intelligibility. The state must be able to read, identify, and defend the territory it governs. Those governed should be able to identify (with) and depend on the state for basic functions. See James C. Scott, *Seeing Like a State: How Certain Schemes to Improve the Human Condition Have Failed* (New Haven: Yale University Press, 1998). See also fn 1.

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This is nowhere more apparent than from the vantage of the countryside. From that perspective, it is difficult to argue that there is a single human community (as opposed to many), that the state claims a monopoly on the legitimate use of force, or that the territory is clearly defined. National identities, borders, and legitimacy are all in question and often in flux. Indeed, Latin America remains very much in the throes of state formation, where the identities, borders, and legitimacy of the state are highly politicized and contested processes, particularly in the countryside. It is not surprising therefore that consolidating democracy and securing neoliberal citizenship regimes under these conditions remains a tall order.

In this context ethnic cleavages have been politicized and indigenous movements—particularly those that mobilize in the countryside—have protested the ongoing violation of their political rights under democratic regimes, with significant political consequences.[27] As stated most boldly by CONAIE, Ecuador's largest and most prominent indigenous movement: "In Ecuador the fundamental principles of democracy—equality, liberty, fraternity, and social peace—have not been achieved."[28] Throughout the region indigenous leaders have made similar points. They recount the ways in which individuals' rights have been dismissed—in voting booths, courts, and schools—and argue that the state should do more to uphold and protect their individual rights.[29] Hence, despite a discourse of individual civil and political rights, states remain incapable of protecting them.[30] The state's inability to secure individual rights makes many indigenous communities even more wary of the restrictions that neoliberal citizenship regimes would place on the inalienable *community rights* and de facto *local autonomy* that they had secured during the prior corporatist citizenship regime.

[27] This article seeks to explain not why indigenous movements *emerge* but why indigenous identities became *politicized* and how that politicization is reflected in the postliberal challenge, a regionwide agenda for democratic reform. For an explanation of why, when, and where indigenous organizations emerge in Latin America, see Yashar (fn. 2, 1998); indigenous movements emerge only where state reforms that challenge local autonomy combine with political liberalization and preexisting networks. In some cases these movements were supported and shaped by ties to urban and international actors.

[28] CONAIE, *Proyecto político de la CONAIE* (Quito: CONAIE, n.d.), 6.

[29] Based on anonymous small-group discussions conducted by the author in Ecuador, Bolivia, and Peru during the course of 1997, and repeated in most 1995–97 interviews with indigenous leaders in Ecuador, Bolivia, Peru, Guatemala, and Mexico.

[30] Rodolfo Stavenhagen and Diego Iturralde, eds., *Entre la ley y la costumbre: El derecho consuetudinario indígena en América Latina* (Mexico City: Instituto Indigenista Interamericano; San José, Costa Rica: Instituto Interamericano de Derechos Humanos, 1990); Jorge E. Dandler, "Indigenous Peoples and the Rule of Law in Latin America: Do They Have a Chance?" (Paper prepared for the academic workshop on the Rule of Law and the Underprivileged in Latin America, Helen Kellogg Institute for International Studies, University of Notre Dame, November 9–11, 1996); and Ramón Torres Galarza, ed., *Derechos de los pueblos indígenas: Situación jurídica y políticas de estado* (Quito: Abya Yala, CEPLAES, CONAIE, n.d.).

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The Postliberal Challenge

In this context ethnic cleavages have been politicized and indigenous movements have challenged the neoliberal shift in democratic citizenship.[31] They have exposed the incomplete implementation of neoliberal citizenship regimes and have proposed a more complex political geography for defining units and locales of democratic representation and governance. Yes, they want more liberal politics insofar as the state would defend individual rights that in practice have been denied. Yes, they want more local power insofar as it would increase access to the state and defend local autonomy. However, they do not uniformly subscribe to the "more liberal more local" formula. Indeed, they question the state's capacity to uphold neoliberal citizenship rights just as they challenge the universalizing assumptions of neoliberal citizenship regimes about national identity, unit representation, and state structure.[32]

In this context, indigenous movements now pose a postliberal challenge, by demanding a different kind of political mapping—one that would secure individual rights but also accommodate more diverse identities, units of representation, and state structures.[33] What follows is a stylized presentation of this postliberal challenge. This section addresses the content of the postliberal demands that Indian movements have placed on the political agenda. This is only an overview, however, and not a full description of the complex and diverse indigenous demands throughout the region. It is meant to be illustrative of the highly contested terms of contemporary politics in the region.

Challenging National Homogeneity

The Latin American indigenous movements that have emerged with this third wave of democratization have started to challenge the project of nation building and assimilation that was associated with nineteenth-century liberal parties and that has been inscribed in Latin

[31] Ethnic cleavages were also politicized in Nicaragua in the 1980s, as the Miskitu demanded, struggled for, and achieved autonomy. This politicization occurred, however, during the revolutionary decade headed by the Sandinistas—a very different historical and political context from the shifting citizenship regimes in the rest of the region. See Charles R. Hale, *Resistance and Contradiction: Miskitu Indians and the Nicaraguan State, 1894–1987* (Stanford, Calif.: Stanford University Press, 1994).

[32] See Iris Marion Young, "Polity and Group Difference: A Critique of the Ideal of Universal Citizenship," in Beiner (fn. 5). Young argues that liberal democracies profess to represent all individuals equally but, in fact, privilege certain dominant voices over others. She calls for a differentiated form of citizenship, one in which social groups are granted spaces for representation, participation, and voice. While indigenous peoples have not necessarily read Young, their claims in fact parallel hers when they indicate that Indians should gain additional and different rights alongside individual ones.

[33] Parallel theoretical discussions about politics in advanced industrial democracies have tended to refer to this challenge as the "multicultural" challenge.

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American constitutions since then. Nineteenth-century liberals engaged in nation-building projects that sought to create national unity—a policy that legitimated the assimilation of indigenous peoples and attacks on indigenous communal lands. Building on nineteenth-century liberal ideas, Latin American constitutions during both corporatist and neoliberal citizenship regimes have codified national identities as the basis for political membership. Confronted with diverse ethnic populations, states have promoted assimilation—even while they maintained labor markets that were segmented along ethnic lines—to achieve this national ideal. Where nationals did not exist, they would forge them. In this regard, national politicians and constitutions have either assumed ethnic homogeneity or disregarded the political salience of ethnic diversity.

Contemporary indigenous movements challenge both claims. Their very presence undermines claims of ethnic universality. Indeed, data on indigenous populations highlight how unsuccessful assimilation and nation-building projects have been in the long term. Certainly indigenous populations have suffered a decline in absolute and relative terms. Indians, however, still constitute a substantial portion of the national populations in Bolivia (71.2 percent), Ecuador (37.5 percent), Guatemala (60.3 percent), Mexico (12.4 percent), and Peru (38.6 percent), with smaller percentages in the rest of the region.[34] Indeed, these percentages are testament to the failure of nation-building projects since the nineteenth century and to the capacity of indigenous communities to maintain indigenous community structures and identities at the local level. As discussed, these identities were nursed and developed at the local level, even during the corporatist period that attempted to convert Indians into peasant nationals.

With democratization and the turn to neoliberal citizenship regimes, indigenous movements in Mexico, Guatemala, Colombia, Bolivia, Ecuador, and Brazil have demanded constitutional reforms recognizing the multiethnic and plurinational composition of their countries. These demands highlight the endurance of many ethnic communities (even while the content of those identities has surely changed) despite nation-building projects. As part of this effort, indigenous movements have appealed to norms, laws, and organizations operating in the international arena.[35] In particular, they have lobbied Latin American states

[34] Yashar (fn. 2, 1996). These figures should be read with caution given the problems of data collection and measurement.

[35] Alison Brysk, "Acting Globally: Indian Rights and International Politics in Latin America," in Van Cott (fn. 2); idem, "Turning Weakness into Strength: The Internationalization of Indian Rights,"

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to ratify the International Labour Organization (ILO) Convention 169 on Indigenous and Tribal Peoples in Independent Countries. Convention 169 outlines the rights of indigenous peoples and the responsibilities of multiethnic states toward them. At a minimum, it calls on states to recognize ethnic heterogeneity where states had advanced nationalist aspirations of mestizo homogeneity. The following Latin American states have ratified ILO Convention169: Mexico (1990), Bolivia (1991), Colombia (1991), Costa Rica (1993), Peru (1994), Paraguay (1994), Honduras (1995), Guatemala (1996), and Ecuador (1998).[36] Ratification provides a mechanism for advocating constitutional reforms to accommodate ethnically diverse populations; it should not necessarily be seen as a prelude to secession.[37]

While these Latin American states have yet to live up to the terms of the convention, they are beginning to discuss constitutional amendments that recognize the multiethnic and pluricultural makeup of each country, as in Mexico (1992), Bolivia (1994), and Ecuador (1998).[38] These reforms are an important symbolic victory for indigenous peoples who have worked to change myths of national unity. Indeed, the constitutional recognition of ethnic heterogeneity in some Latin American states has opened up possibilities to discuss and debate other kinds of democratic institutions that can accommodate a diverse ethnic population, including discussions about consociationalism, identity-based electoral institutions, ethnic political parties, federalism, and the like.[39]

Challenging Unit Homogeneity[40]

This demand for multicultural recognition is the first step toward making claims that Indian cultures cannot be reduced to individual identities and rights, as neoliberal citizenship regimes would have it, but in

Latin American Perspectives 23, no. 2 (1996); and Franke Wilmer, *The Indigenous Voice in World Politics* (Thousand Oaks, Calif.: Sage Press, 1993). As these authors note, the international arena has provided a new discourse, funds, and forums that have often shaped debates about indigenous rights.

[36] http://ilolex.ilo.ch:1567/scripts/ratifce.pl?C169. Thirteen countries have ratified Convention 169, including Denmark, Fiji, the Netherlands, and Norway.

[37] The call for constitutional recognition of multiethnic and plurinational populations has elicited vitriolic reactions from some politicians. Specifically, they fear that this recognition of different "peoples" will provide Indians with the leverage to appeal to UN laws that sanction the right of all peoples to self-determination and, by implication, to their own state.

[38] Dandler (fn. 30). In a May 1999 Guatemalan referendum the voting population (18 percent of the eligible electorate) rejected these proposed reforms.

[39] See Arend Lijphart, *Democracy in Plural Societies: A Comparative Exploration* (New Haven: Yale University Press, 1977); Hans Daalder, "The Consociational Democracy Theme," *World Politics* 26 (July 1974); Ian S. Lustick, "Lijphart, Lakatos, and Consociationalism," *World Politics* 50 (October 1997); and Horowitz (fn. 3).

[40] "Unit homogeneity" refers here to the unit of political representation and intermediation. It is not meant to evoke the standard meaning of the term used by methodologists.

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fact rest on primary and collective sets of identities, organizations, and rights. Accordingly, indigenous movements have started to challenge the effort to homogenize and individualize the appropriate unit of political representation and intermediation.

Latin American constitutions have tended to assume unit homogeneity. As noted, whereas Latin American regimes once privileged corporatist forms of interest intermediation, they now privilege individuals as the primary unit. With the current neoliberal citizenship regimes, Latin American politicians have contended that the central political unit is and should be the individual. The individual chooses to vote, to join political parties, to participate in organizations, and to hold government accountable. In short, the individual is the foundational unit of rights and responsibilities in a polity presumed to be moving toward a more liberal democracy. Policymakers have voiced concern about equalizing treatment before a state that engaged in indiscriminate repression and torture and, to that end, advocate paying closer attention to the rule of law. In a context where dissidents were killed or jailed, indigenous people were excluded and/or repressed, and regions were controlled by local bosses, the call for a universalizing set of norms and institutions to protect individuals is an important normative step toward deepening democracy.

Given the democratizing intentions of neoliberal citizenship regimes, it is striking that indigenous men and women are cautious about the drive to promote the individual as the primary political unit of democracy. Where the dominant political discourse suggests the advance of individual rights, indigenous communities often foresee an infringement on indigenous autonomy and resources. Because indigenous communities have rarely experienced the full complement of civil and political rights associated with liberal democracy, they have little reason to believe that neoliberal citizenship regimes will necessarily fulfill their promises now. To the contrary, they see the promotion of neoliberal (versus corporatist) citizenship regimes as an infringement on social rights that once enabled them to act as autonomous communities.

Confronted with this shift in citizenship regimes, contemporary indigenous movements have brought into sharp relief the tense interplay between the contemporary celebration of the individual and indigenous community practices.[41] Indigenous movements generally argue that the

[41] See Enrique Mayer, "Reflexiones sobre los derechos individuales y colectivos: Los derechos étnicos," and Rodolfo Stavenhagen, "Los derechos indígenas: Algunos problemas conceptuales," both in Eric Hershberg and Elizabeth Jelín, eds., *Construir la democracia: Derechos humanos, ciudadanía y sociedad en América Latina* (Caracas: Nueva Sociedad, 1996).

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individual should not be the only unit of representation, nor should it be privileged. They demand that the state uphold equal rights and responsibilities for Indians as individuals and in this sense are calling for the fulfillment of liberal ideals. But they argue as well that the state should recognize indigenous communities as a historically prior and autonomous sphere of political rights, jurisdiction, and autonomy. These demands range from the call for community or supracommunity autonomy to the call for designated representation in legislatures and ministries. The new Colombian constitution, for example, has allocated two seats in the national legislature for indigenous representatives.

If we look at a series of indigenous movements in Mexico (EZLN), Guatemala (COMG), Ecuador (CONAIE), Bolivia (CIDOB and CSUTCB), and Peru (AIDESEP), we find that their strategies have differed. In some cases they have taken up arms (Mexico); in others they have organized marches for recognition (Ecuador and Bolivia); in others they have negotiated directly with the government for new laws that recognize communities (Mexico, Guatemala, Bolivia); and in others they have used existing administrative laws that map out local political units to secure a de facto space in which indigenous communities can indirectly act as a political unit (Peru). But despite these differences, we find each movement demanding that the state simultaneously protect members' individual civil and political rights *and* recognize indigenous communities as a political unit. This position is forcefully articulated in several movement documents,[42] as well as in interviews with leaders from each of the movements.[43] At present this issue of indigenous peoples and their political representation/participation as individuals versus communities is being hotly debated and negotiated throughout the region.[44]

[42] CONAIE (fn. 28), 11–12; COMG, *Construyendo un futuro para nuestro pasado: Derechos del pueblo maya y el proceso de paz* (Guatemala City: Editorial Cholsamaj, 1995); Servicios del Pueblo Mixe, A.C., "Autonomía, una forma concreta de ejercicio del derecho a la libre determinación y sus alcances," *Chiapas 2* (Mexico City: Ediciones ERA, S.A. de C.V., 1996).

[43] These statements were made in 1997 author interviews with indigenous leaders: from Peru, with Evaristo Nukguaj and Bonifacio Cruz Alanguía; from Bolivia, with Marcial Fabricano and Román Loayza; and from Ecuador, with Luis Macas, Leonardo Viteri, César Cerdas, and Valerio Grefa. Similar statements were made in an author interview in the United States with Guatemalans Manuela Alvarado, Alberto Mazariegos, and Juanita Bazibal Tujal, May 3, 1998.

[44] For normative debates in political science on the topic of individual and group rights, see Will Kymlicka, ed., *The Rights of Minority Cultures* (Oxford: Oxford University Press, 1995); and Ian Shapiro and Will Kymlicka, eds., *Ethnicity and Group Rights* 39, Yearbook of the American Society for Political and Legal Philosophy (New York: New York University Press, 1997). Democratization studies of Latin America have generally ignored the liberal-communitarian debate that speaks to the philosophical foundations of ethnic diversity and democratic representation. These debates, however, raise the question of the central unit of political life. They have also discussed whether in fact communities should be granted special (i.e., different) rights by virtue of being a community. There have been efforts to conjoin these seemingly opposite positions, for example, by Kymlicka, "Introduction," and Kukathas, "Are There Any Cultural Rights?" in Kymlicka, *The Rights of Minority Cultures*. The authors

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Challenging Administrative Homogeneity

Many indigenous movements have also started to challenge basic normative assumptions about the desirability of universal administrative boundaries. Rejecting state-formation projects that have sought to centralize or decentralize political institutions according to a single blueprint, indigenous movements throughout the region have demanded that the state recognize administrative boundaries that are unique to indigenous peoples. In this regard, it is not enough to promote municipalization, decentralization, and accountability as a means of increasing the representation, accountability, and transparency of local governments. To the contrary, indigenous peoples are increasingly demanding that the state recognize territorial boundaries (even, or particularly, where they cut across municipal or provincial boundaries) in which social relations are regulated by indigenous authority systems and customary law. In other words, they are arguing that a differentiated citizenship should coincide with differentiated administrative boundaries.[45]

Demands for territorial autonomy are growing throughout the Amazon. Although the state historically had been weak there, it is currently seeking to penetrate more deeply into these areas, privatize land markets, and regulate social relations. In the 1991 Colombian Constituent Assembly, for example, Indians negotiated reforms that granted territorial autonomy.[46] In Ecuador OPIP placed territorial demands on the political map with the thirteen-day, two-thousand-person march from Puyo to Quito in 1992. The government eventually conceded 19 different territorial blocs that totaled 138 legally recognized communities and 1,115,000 hectares.[47] In Bolivia the main Amazonian indigenous

fail, however, to provide guidelines for how to institutionalize both individual liberal rights and communitarian rights. Because they fail to problematize sufficiently the role that the state plays in balancing these goals— particularly when communities demand a form of political autonomy that includes alternative juridical and authority systems—their normative discussion resonates only loosely with the empirical cases of democratization.

[45] Young (fn. 32) introduces the term "differentiated citizenship." References to country-specific demands for differentiated administrative boundaries follow. For a comparative overview of the current state of legal pluralism and autonomy regimes, see Dandler (fn. 30); Donna Lee Van Cott, *The Friendly Liquidation of the Past: The Politics of Diversity in Latin America* (Pittsburgh, Pa.: University of Pittsburgh Press, forthcoming); idem, "Explaining Ethnic Autonomy Regimes in Latin America" (Manuscript, 1999); and Michael Addison Smith, "Indigenous Law and the Nation States of the Latin American Region" (Manuscript, University of Texas, School of Law and the Mexican Center, April 20, 1999).

[46] See Bartolomé Clavero, *Derecho indígena y cultura constitucional en América* (Mexico: Siglo Veintiuno, 1994), 187–89; Van Cott (fn. 45, forthcoming and 1999); and idem, "A Political Analysis of Legal Pluralism in Bolivia and Colombia," *Journal of Latin American Studies* (forthcoming).

[47] Two author interviews each, in Ecuador, with Leonardo Viteri, César Cerdas, and Gonzalo Ortiz Crespo between February and May 1997.

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organizations have also won territorial autonomy.[48] Demands were first articulated during the 1990 March for Territory and Dignity, organized by CPIB. The president responded by issuing presidential decrees that recognized four indigenous territories. In 1996 the government finally passed a new agrarian reform that provided indigenous communities with the legal basis for appealing for territorial recognition—including the right to vast expanses of land and the political autonomy of indigenous authorities. By August 1997 the state had recognized seven distinct territories totaling 2.6 million hectares, and it was processing thirty-four more demands totaling about 20 million hectares.[49]

Beyond the Amazon as well, there are now demands for state recognition of indigenous communities as politically autonomous units, challenging the hegemonic idea of administrative homogeneity. In Bolivia, in particular, there is a push to recognize, reconstitute, and/or register *ayllus* (communal kinship organizations) that dot the Andean countryside.[50] The 1997 agrarian reform law makes this recognition possible.[51] In Ecuador this public discussion is incipient, as indigenous movements and nongovernmental organizations have started to engage in dialogue and initiate projects to strengthen and/or reconstitute systems of elders that have receded in importance over the years.[52] Mexico and

[48] May–August 1997 author interviews with indigenous leaders Marcial Fabricano and Ernesto Noe of CIDOB, with researchers Zulehma Lehm and Wilder Molina at CIDDEBENI, and with lawyer Carlos Romero Bonifaz of CEJIS. See Kitula Libermann and Armando Godínez, eds., *Territorio y dignidad: Pueblos indígenas y medio ambiente en Bolivia* (La Paz: ILDIS and Editorial Nueva Sociedad, 1992); and Carlos Navia Ribera, *Reconocimiento, demarcación y control de territorios indígenas: situación y experiencias en Bolivia*, Working Paper no. 34 (Trindad, Bolivia: Centro de Investigación y Documentación para el Desarrollo del Beni, July 1996); Wilder M. Molina, "El movimiento social indígena del Beni en el contexto del proceso de consolidación de la movilización intercomunal hasta la Marcha por el Territorio y la Dignidad (1987–1990)" (Manuscript, Centro de Investigación y Documentación para el Desarrollo del Beni, Trinidad, Bolivia, 1997); and Van Cott (fn. 45, forthcoming and 1999, and fn. 46).

[49] Author interviews conducted in Bolivia with Isabel Lavadenz, former national director of the National Institute of Agrarian Reform, and Jorge Múñoz, researcher at UDAPSO, 1997. See also Jorge A. Múñoz and Isabel Lavadenz, "Reforming the Agrarian Reform in Bolivia" (Paper prepared for HIID/UDAPSO and presented in Cambridge, Mass., and La Paz, Bolivia, 1997).

[50] *Ayllus* often claim sovereignty over discontinuous land bases, in contrast to Western ideas of state formation that generally assume/advocate that continuous areas coincide with a single political administration.

[51] Author interviews conducted in Bolivia between May and August 1997 with former Aymaran leader Constantino Lima; Carlos Mamani, María Eugenia Choque Quispe, and Ramón Conde, researcher-activists at THOA; and Ricardo Calla, former-director of TAYPI. See Sergio Molina and Iván Arias, *De la nación clandestina a la participación popular* (La Paz: Centro de Documentación e Información CEDOIN, 1996); Xavier Albó and Ayllu Sartañani, "Participación popular en tierra de ayllus," in David Booth, ed., "Popular Participation: Democratising the State in Rural Bolivia" (Manuscript).

[52] Author interviews conducted in Ecuador between February and May 1997 with indigenous leaders José María Cabascango, Luis Maldonado, and Luis Macas.

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Guatemala have seen separate efforts to negotiate or proclaim autonomy for the Mayan populations residing on either side of the border.[53]

Hence, indigenous movements throughout the Americas are asserting their right to new administrative spheres that have a certain degree of political autonomy at the local level. This is more than just a call for more land, although that is certainly a core component of the demand. Rather, it is a demand that the state recognize indigenous political jurisdiction over that land, including the right of indigenous legal systems and authorities to process and adjudicate claims. In this regard, diversified state structures would coincide with some form of legal pluralism.

These calls might support federalism and/or decentralization but cannot be reduced to either one or the other.[54] Federalism and decentralization are designed to grant greater local sovereignty over local issues; federalism and decentralization assume an important degree of administrative homogeneity. Each assumes that an entire country will be defined by federal and/or municipal administrative boundaries. Each administrative unit (whether the state and/or the municipality) ideally governs with the same understanding of the dividing line between federal/national and local jurisdiction. Many indigenous organizations support this idea insofar as it provides additional entry points for participation as both electors and elected. And indeed, with decentralization, the level of indigenous participation in elections has grown; in Bolivia, for example, the number of elected indigenous officials has increased.[55]

Demands for local autonomy, however, actually challenge the administrative homogeneity entailed in decentralization and federalism. Indigenous organizations assert that their collective identity—which is historically prior to the formation of each Latin American state—entitles them to special jurisdictions that crosscut, transcend, and are distinct from homogenous state administrative boundaries. They want not only more local autonomy but also more expansive jurisdiction for In-

[53] For examples of autonomy debates in Mexico and Guatemala, see *Ojarasca*, no. 45 (August–November 1995); Héctor Díaz-Polanco, "La rebelión de los más pequeños: Los zapatistas y la autonomía" (Manuscript); *Journal of Latin American Anthropology* 3, no. 1 (1997); the 1996 Guatemalan Peace Accords; the 1995 Guatemalan *Acuerdo sobre identitad y derechos de los pueblos indígenas*; and Rachel Sieder, ed., *Guatemala after the Peace Accords* (London: Institute of Latin American Studies, 1998).

[54] For the differences between territorial autonomy, federalism, and decentralization, see Ruth Lapidoth, *Autonomy: Flexible Solutions to Ethnic Conflict* (Washington, D.C.: United States Institute of Peace Press, 1996), 50–52.

[55] See Ministerio de Desarrollo Humano, Secretaría Nacional de Participación Popular, *Indígenas en el poder local* (La Paz: Talleres de Editorial Offset Boliviana, 1997); and Van Cott (fn. 45, forthcoming, and fn. 46).

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dian communities—an arrangement that would not necessarily be accorded nonindigenous communities, whose local jurisdiction might be much more restrictive vis-à-vis the federal or national state. Hence, regardless of whether a country is defined by federal units, indigenous movements are demanding that the state recognize political and juridical spaces that are primarily occupied and administered by indigenous communities. These proposals would in fact result in a more multilayered conception of the polity, the state, and its citizens, one that would promote inclusion and autonomy simultaneously. These are not demands for secession but for institutional pluralism in multiethnic settings.

The postliberal agenda for local autonomy, however, is no panacea. Local autonomy could tend toward illiberal politics at the local level.[56] The recognition of local autonomy could provide traditional authorities with the means to carve out their own fiefdoms with few outside checks on the exercise of that power—thereby inhibiting the democratization of local life within indigenous communities. Moreover, traditional indigenous practices could disadvantage groups in society —limiting their voice, access to indigenous and nonindigenous resources, and individual autonomy—by charging that their concerns threatened the sanctity of local autonomy and tradition. Women in particular have historically been excluded from public political spheres, where the male head of household often speaks for the family unit, where women are often denied equal access to education and social services, and where battered women often have little legal recourse within the community. Consequently, the postliberal challenge could simultaneously increase local autonomy (a liberal good) and decrease local tolerance (an illiberal outcome).

In short, indigenous movements pose a postliberal challenge. They challenge the homogenizing assumptions that suggest that individuals unambiguously constitute the primary political unit and that administrative boundaries and jurisdictions should be uniformly defined throughout a country. And they call instead for more differentiated forms of citizenship and political boundaries, ones that grant individuals rights as citizens but that also grant collective rights and political autonomy at the local level. Finally, in calling for the constitutional recognition of pluriethnic and multicultural states, they challenge the idea that the state (democratic or otherwise) should correspond to a presumed homogeneous nation. In this regard, they challenge claims of

[56] *The Federalist Papers* raise parallel concerns about the power of factions in small pure democracies, particularly in the essays by James Madison; see *The Federalist Papers*, selected and ed. Roy P. Fairfield (Baltimore: Johns Hopkins University Press, 1981), no. 10.

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ethnonational homogeneity and assert the political salience of ethnic diversity. By advocating a differentiated kind of citizenship, they are pushing to redefine democratic institutions in dramatic ways.

Implications for Studying Democratic Consolidation

By problematizing the reach of the state and the response of social forces to the new democratic period, this article depicts a situation in political flux. Indigenous movements and postliberal agendas pose fundamental challenges that Latin America's democracies are beginning (or will need) to tackle. They are forcing Latin America's new regimes to confront the limited reach of prior rounds of state formation, to address the indeterminacy of the current round of democratic institution building, and to consider how new democracies might reform states more effectively to accommodate plural identities, political units, and administrative heterogeneity. Within this context states are debating constitutional reforms, decentralization, territorial autonomy, legal pluralism, and the like. These are critical, ongoing debates that highlight a contested and unfolding political process—one that in years to come could possibly redesign states, citizenship regimes, and, by extension, the ways in which democracy is practiced. Hence, while Latin American countries have largely made the transition to democracy, it would be difficult to argue that these regimes—and the states and societies that undergird them—are consolidated in any meaningful sense of the word.

It is striking then that a substantial wave of *theorizing* on contemporary Latin America has been so eager to explain democratic consolidation in third-wave democracies. The core of these recent studies has set out to explain failures versus successes in democratic consolidation and has focused increasingly and almost exclusively on contemporary governmental institutions.[57] "Institutions are in," as Ames has remarked.[58] These recent and increasingly dominant institutional studies assume that democratic institutions and their incentive structures can ensure regime consolidation. With government institutions as the primary

[57] The initial trend in democratic consolidation studies did not necessarily adopt this institutional focus. Notable examples include Scott Mainwaring, Guillermo O'Donnell, and J. Samuel Valenzuela, eds., *Issues in Democratic Consolidation: The New South American Democracies in Comparative Perspective* (Notre Dame, Ind.: University of Notre Dame Press, 1992); John Higley and Richard Gunther, eds., *Elites and Democratic Consolidation in Latin America and Southern Europe* (Cambridge: Cambridge University Press, 1992); and Juan J. Linz and Alfred Stepan, *Problems of Democratic Transition and Consolidation: Southern Europe, South America, and Post-Communist Europe* (Baltimore: Johns Hopkins University Press, 1996).

[58] Barry Ames, "Approaches to the Study of Institutions in Latin American Politics," *Latin American Research Review* 34, no. 1 (1999), 221.

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focus, these scholars have revived important theoretical discussions and empirical comparisons of constitutional design, presidentialism versus parliamentarism, and electoral models.[59] They investigate how to tinker with government institutions in order to make them more stable and enduring. To explain democratic consolidation these comparative studies have emphasized the ways in which different governmental institutions court or accommodate political conflict. The assumption is that the same institutional model should engender either democratic consolidation or breakdown across cases and across time.

The questions posed by these authors about institutional design are politically salient; the research is increasingly systematic; and the arguments are often provocative. In this regard, there have been significant advances as Latin Americanists begin to take governmental institutional design more seriously than previously and to delineate the ways in which democratic institutions have combined in enduring ways. By focusing on national political institutions, they have underscored the different types of democracy that politicians can construct. These newly constructed institutions matter not least because they provide the rules and regulations that seek to order political interaction and make politics more transparent and predictable. Governmental institutions matter, therefore, for the formal locus and direction of political interaction.

But the current institutional trend in democratic consolidation studies is conceptually and analytically too sanguine. Conceptually, the literature defines democratic consolidation in narrow, dichotomous, and largely teleological terms that misrepresent an empirical context that is much more open-ended and nuanced.[60] The concept is narrow insofar as democratic consolidation is understood as the *absence* of regime breakdown following two consecutive and democratically held elec-

[59] There are scores of volumes and articles that explore this theme. See, in particular, Juan J. Linz, "The Perils of Presidentialism," *Journal of Democracy* 1 (Winter 1990); Matthew Soberg Shugart and John M. Carey, *Presidents and Assemblies: Constitutional Design and Electoral Dynamics* (Cambridge: Cambridge University Press, 1992); Juan J. Linz and Arturo Valenzuela, eds., *The Failure of Presidential Democracy: The Case of Latin America*, vol. 2 (Baltimore: Johns Hopkins University Press, 1994); Arend Lijphart and Carlos H. Waisman, eds., *Institutional Design in New Democracies: Eastern Europe and Latin America* (Boulder, Colo.: Westview Press, 1996); Scott Mainwaring and Matthew Soberg Shugart, eds., *Presidentialism and Democracy in Latin America* (Cambridge: Cambridge University Press, 1997); and Alfred Stepan and Cindy Skach, "Constitutional Frameworks and Democratic Consolidation: Parliamentarism versus Presidentialism," *World Politics* 46 (October 1993).

[60] Similar arguments are made by Guillermo O'Donnell, "Illusions about Democratic Consolidation," *Journal of Democracy* 7 (April 1996); idem, "Horizontal Accountability in New Democracies," *Journal of Democracy* 9 (July 1998); Kurt von Mettenheim and James Malloy, "Introduction," in Mettenheim and Malloy, eds., *Deepening Democracy in Latin America* (Pittsburgh, Pa.: University of Pittsburgh Press, 1998); Ben Ross Schneider, "Democratic Consolidations: Some Broad Comparisons and Sweeping Arguments," *Latin American Research Review* 30, no. 2 (1995), 216, 219, 220, 231; David Becker, "Latin America: Beyond Democratic Consolidation," *Journal of Democracy* 20 (April 1999), 139.

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tions. However, no particular characteristics that define or identify democratic consolidation are actually delineated. This places scholars of democratic consolidation on shaky ground, since they can only identify the dependent variable by the *failure* of the given regime to function; this borders on conceptual circularity. Moreover, this concept leaves no room for ambiguity, contradiction, and contestation—as in cases where elections are held consecutively but where democratic norms, institutions, and practices are not in operation or in cases where national reforms intended to promote liberal democracy (such as decentralization) shelter illiberal and authoritarian local enclaves. Indeed, the concept's dichotomous and teleological characterization of consolidation belies a significant degree of social and political flux (evidenced by the postliberal challenge) that does not fit into this dual way of thinking about democracy or the conditions under which it is likely to endure. The concept assumes a kind of fixity and homogeneity that begs the broader questions of how institutions function, how social actors adapt to these institutions, and which conditions encourage (newly) mobilized actors to support, sidestep, and/or subvert democratic institutions. It assumes a political endpoint, much as an earlier literature on political development assumed a political terminus.[61] Yet when analyzing the Latin American cases comparatively and on the ground, one is struck by how much the term "consolidation" obscures the multiple and often contradictory processes that are occurring in the region's new democracies—some of which deepen and others of which undermine democratic norms, practices, and institutions. O'Donnell's work on low-intensity citizenship and on the absence of horizontal accountability in the new democracies raises similar concerns.[62]

This problem of conceptualizing the dependent variable, democratic consolidation, is exacerbated by the analytical privileging of certain independent variables over others. The democratic consolidation literature maintains a generally singular focus on a *narrow* set of political institutions—governmental and electoral institutions. By analyzing governmental institutions alone, these studies unsurprisingly bias their observation of the dependent variable and miss or gloss over the ways in which other independent variables, such as *states* and *social forces*, can impinge on the capacity to consolidate different aspects of democracy.

[61] I thank Atul Kohli for highlighting how this plea to move away from consolidation as an analytical concept parallels Huntington's classic argument about the need to move away from teleological and homogenizing ways of conceptualizing and analyzing political development. Samuel P. Huntington, "The Change to Change," in Roy C. Macridis and Bernard E. Brown, eds., *Comparative Politics: Notes and Readings* (Chicago: Dorsey Press, 1986).

[62] See O'Donnell (fnn. 1 and 60, 1998).

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This narrow analytic focus on governmental institutions rests on an unstated but pervasive assumption that variation in state capacity and legitimacy does not matter for regime outcomes. It assumes that states are homogenized, capable, and national institutions and, as such, can and do provide the political infrastructure in which democratic institutions can function. As a result these scholars focus their attention on the presence and performance of governmental institutions in major cities alone, and their work consequently projects a national descriptive picture of democratic practices that is in fact only institutional and urban in scope. By definition, this kind of comparative analysis of governmental institutions glosses over the unevenly institutionalized and contested terms of the Latin American *states* that are presumed to work in the service of these new government institutions. It sidesteps the degree to which state institutions (as independent or intervening variables) differentially shape, regulate, and/or monitor social behavior outside of urban centers, as demonstrated by circumstances giving rise to the postliberal challenge. Once one acknowledges the uneven reach and contested terms of the state, however, one is obliged at least to consider how regimes can possibly "consolidate" the political institutions, practices, and norms of democracy in the absence of capable states. For as Linz and Stepan have argued in their more sociologically nuanced analysis of democratic consolidation, the unevenness and frailty of actual states cannot bode well for the future of democracy.[63]

The increasingly narrow analytic focus of the democratic consolidation literature on governmental institutions has other drawbacks as well. It slights analysis of the ways in which these new institutions interact with, engender, and/or constrain (emerging) social forces. It tends to assume the relevant actors and how they will respond.[64] So too

[63] In contrast to the great majority of consolidation studies, Linz and Stepan (fn. 57) do question how varied types of states might consolidate or undermine democracy. What I call the weak reach of the state they refer to as the problem of usable bureaucracies, neither of which bodes well for democratic consolidation. They also contend, among other things, that democracies cannot consolidate where there is a "stateness" problem, which they take to mean disputes over international (rather than internal) state boundaries and national membership (who can be a citizen rather than what citizenship might entail). According to this definition, they argue, there is no stateness problem in Latin America (p. 16). Indeed, these authors conclude this because they assume away the national question in Latin America—one they find very prevalent in their other cases. Yet while national conflicts in Eastern Europe have emerged to make states and (presumed) nations coincide, in Latin America they have emerged to force states to recognize the multiethnic diversity of its citizens, as we have seen.

[64] A notable few of these institutional studies (i.e., Mainwaring and Shugart, fn. 59) do analyze social support by established political actors and urban social groups. They are concerned with the ways in which institutional arrangements enable politicians to elicit support, build coalitions, and wrestle with policy questions without centralizing power in the hands of the executive and without engendering legislative paralysis. But these studies overwhelmingly neglect to analyze whether and how these

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it tends to assume preferences.[65] However, it would be hard to make the case that government institutions determine the relevant actors, define the preferences, and command social allegiance exactly as intended. Indeed, this article has highlighted how state reforms can unintentionally politicize new cleavages and mobilize new social actors who may support or resist new democratic institutions. Latin America's increasingly vocal indigenous movements and the postliberal challenge are particularly important examples of the contested terms of Latin America's new democracies.[66] The democratic consolidation literature, however, has been impervious to these developments, precisely because it assumes which actors are important, what their preferences are, and how they will behave, rather than also problematizing the (new) actors and preferences that have emerged. In assuming away ethnic cleavages, these studies have missed or perhaps underestimated the new ethnic movements that are challenging the very state institutions that underpin the presumed liberal foundations of contemporary democracy. The failure to analyze states as they interact with (new) social forces is unfortunate, for it is difficult to explain which democratic institutions can function and endure without analyzing the degree to which these institutions (and the state) determine political behavior and/or command organized

institutions incorporate and sustain social support beyond traditional forces and beyond capital areas areas—focusing as they do so closely on the institutions that are constructed and so little on whether these institutions will be maintained or disrupted by social actors and groups outside of the state.

[65] Ames (fn. 58) also makes this point (p. 234).

[66] Black movements, women's movements, and poor people's movements, where they exist, have also demanded equal inclusion and greater access to state resources in Latin America's democratic regimes. Their emergence in Latin America highlights the failure of democratic institutions in many instances to incorporate social sectors that have historically been marginalized. Unlike the indigenous movements discussed in this article, however, their demands in most cases do not necessarily challenge the assumptions and terms of liberal democratic institutions and state formation as much as demand an equal footing in the regime. It is also important to note that these movements, in contrast to the region's indigenous movements, have declined in strength during the contemporary democratic regimes as political parties displace and/or absorb them on the political stage. On black movements, see fn. 4. On women's movements, see Sonia E. Alvarez, *Engendering Democracy in Brazil: Women's Movements in Transition Politics* (Princeton: Princeton University Press, 1990); Jane S. Jaquette, ed., *The Women's Movement in Latin America: Participation and Democracy*, 2d ed. (Boulder, Colo.: Westview Press, 1994); Amy Conger Lind, "Power, Gender, and Development: Popular Women's Organizations and the Politics of Needs in Ecuador," in Arturo Escobar and Sonia E. Alvarez, eds., *The Making of Social Movements in Latin America: Identity, Strategy, and Democracy* (Boulder, Colo.: Westview Press, 1992); and Jane S. Jaquette and Sharon L. Wolchik, eds., *Women and Democracy: Latin America and Central and Eastern Europe* (Baltimore: Johns Hopkins University Press, 1998). On poor people's movements, see Robert Gay, *Popular Organization and Democracy in Rio de Janeiro: A Tale of Two Favelas* (Philadelphia: Temple University Press, 1994); Philip D. Oxhorn, *Organizing Civil Society: The Popular Sectors and the Struggle for Democracy in Chile* (University Park, Pa.: Penn State University Press, 1995); Cathy Lisa Schneider, *Shantytown Protest in Pinochet's Chile* (Philadelphia: Temple University Press, 1995); and Susan S. Stokes, *Cultures in Conflict: Social Movements and the State in Peru* (Berkeley: University of California Press, 1995).

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social support/apathy/opposition.[67] Once we integrate state and society back into the contemporary picture, we are reminded that governmental institutions do not operate exactly as planned, nor do they necessarily operate similarly across cases.[68]

This conceptual and analytical discussion suggests that the focus on "democratic consolidation" is misplaced—particularly in new democracies.[69] Rather, we should develop a new conceptual research agenda that replaces this teleological dependent variable with more conceptually and analytically nuanced studies of *democratic politics*. The dependent variable would identify the varied *scope*, *depth*, and *blend* of democratic institutional reforms, political norms, and practices.[70] The task would be to explain the variation in the existing outcomes, rather than assuming a golden democratic endpoint that regimes have or have not reached (an assumption that many contemporary consolidation studies characteristically tend to make). This more broadly conceived analysis of democratic politics would generate a dynamic and consequential set of research questions about the uneven and often contradictory

[67] Indeed, the failure to problematize how emerging social forces (particularly in the countryside) contest the process of institutionalizing democracy weakens the analytic narrative and causal arguments in democratic consolidation studies. This is because regime endurance (the dependent variable in consolidation studies) is fundamentally linked to the politics of the countryside. A substantial comparative historical literature has argued and illustrated how regime endurance requires states to secure control, if not command loyalty, of the countryside. These studies have taken institutions seriously, but they have also problematized the process of building institutions and of cultivating the social forces that could support those institutions. The failure of contemporary democratic consolidation studies to incorporate this central insight curtails the power of their arguments about the links between institutions and regime endurance. See Barrington Moore, Jr., *Social Origins of Dictatorship and Democracy: Lord and Peasant in the Making of the Modern World* (Boston: Beacon Press, 1966); Samuel P. Huntington, *Political Order in Changing Societies* (New Haven: Yale University Press, 1986); Theda Skocpol, *States and Social Revolutions: A Comparative Analysis of France, Russia,and China* (Cambridge: Cambridge University Press, 1979); Collier and Collier (fn. 8); Timothy R. Scully, *Rethinking the Center: Party Politics in Nineteenth- and Twentieth-Century Chile* (Stanford, Calif.: Stanford University Press, 1992); Evelyne Huber and Frank Safford, eds., *Agrarian Structure and Political Power: Landlord and Peasant in the Making of Latin America* (Pittsburgh, Pa.: University of Pittsburgh Press, 1995); Deborah J. Yashar, *Demanding Democracy: Reform and Reaction in Costa Rica and Guatemala, 1870s–1950s* (Stanford, Calif.: Stanford University Press, 1997); Jonathan Fox, ed., The Challenge of Rural Democratisation: Perspectives from Latin American and the Philippines, *Journal of Development Studies*, special issue, 26 (July 1990); and Edward L. Gibson, "The Populist Road to Market Reform: Policy and Electoral Coalitions in Mexico and Argentina," *World Politics* 49 (April 1997).

[68] It is striking that the democratic consolidation literature pays no heed to an earlier institutional literature on democratic stability in divided societies—a literature that concluded that there is no one model for all societies.

[69] For parallel arguments, see fn. 60.

[70] See Philippe C. Schmitter, "The Consolidation of Democracy and Representation of Social Groups," *American Behavioral Scientist* 35 (March–June 1993). Schmitter states (p. 444): "The label *democracy* hides a continuous evolution in rules and practices and an extraordinary diversity of institutions." While Schmitter seems unwilling to dispense with the concept of consolidation, he does call for a more disaggregated study of the new democracies—one that would analyze political democracy as a composite of partial and competing regimes. He also calls for studies of the *types* of democracies that have emerged and notes the importance of accounting for the causal role of emerging associations.

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processes of democratic change. It would compel scholars to identify, analyze, and explain the diverse and at times contradictory patterns emerging in Latin America's new democracies in arenas as significant as citizenship regimes, the rule of law, decentralization, patterns of participation, and the terms of contentious politics.

If we need to reconceptualize the dependent variable to accommodate a much more dynamic and varied set of democratic outcomes, so too we need to evaluate a more expanded repertoire of independent variables in our research and our writing. Rather than assuming the a priori significance of government institutions, we should be required to compare the causal role of these institutions against other factors (including the state, social forces, and the economy) to ascertain if, when, and why a given variable is most important. In some cases governmental institutional design will be found to be the primary factor; in others, it will be found to be secondary or even inconsequential. This process of evaluating competing independent variables would be designed not to lead to more idiographic analyses but rather to hold scholars more accountable and to demand more rigor in their comparative explanations of which variables matter and why.

A research agenda of democratic politics would reopen an older set of questions that would include, but not be limited to, the following: How has the sequencing of democratic reforms affected their scope, depth, and institutionalization? Why have different countries experimented with different kinds of political reform (for example, decentralization) and what impact have they had on sectoral participation, accountability, and political accommodation? Why have (ethnic or other) cleavages been politicized in some new democracies but not in others? Why do states respond differently to multiethnic demands and how do we explain both the varied responses and the impact of the resulting political reforms? Why have some democratic reforms (for example, judicial reform and the institutionalization of the rule of law) been so elusive, even as others have been widely implemented? What impact, if any, has globalization had on democratic accountability and participation?

In short, rather than assuming that government institutions alone can consolidate democracy, scholars should pay closer attention to how the sequencing, pace, and institutionalization of democratic reforms actually affects the depth and scope of democratic politics. This conceptual shift in foci requires exchanging a teleological and singularly institutional approach for a more analytically nuanced one that analyzes the interplay between political change and contestation in state and so-

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ciety. While this approach is perhaps more ambitious than a simple institutional approach that focuses on government institutions alone, it is sure to yield more dynamic insights about the direction and terms of politics in the region's new democracies. Otherwise stated, if we are to understand the challenges for third-wave democracies—challenges that affect both democratic quality and endurance—we cannot search for the institutional holy grail of democratic consolidation.

Appendix: Acronyms for Indigenous and/or Peasant Organizations

AIDESEP	Asociación Interétnica de Desarrollo de la Selva Peruana (Peruvian indigenous organization in the Amazon)
EZLN	Ejército Zapatista de Liberación Nacional (Mexican indigenous organization based in Chiapas)
CIDOB	Confederación Indígena del Oriente, Chaco y Amazonía de Bolivia (Bolivian regional indigenous organization in the lowlands)
CNC	Confederación Nacional Campesina (Mexican national peasant organization)
COICA	Coordinadora de Organizaciones Indígenas de la Cuenca Amazónica (Amazonian indigenous organization with participation by indigenous organizations whose countries are partially located in the Amazonian Basin)
COMG	Consejo de Organizaciones Mayas de Guatemala (Guatemalan national indigenous organization)
CONAIE	Confederación de Nacionalidades Indígenas del Ecuador (Ecuadorian national indigenous organization)
CPIB	Central de Pueblos Indígenas del Beni (Bolivian Amazonian indigenous organization based in the Beni)
CSUTCB	Confederación Sindical Única de Trabajadores Campesinos de Bolivia (Bolivian national peasant organization that has incorporated indigenous demands)
OPIP	Organización de Pueblos Indígenas del Pastaza (Ecuadorian Amazonian indigenous organization based in Pastaza)

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LOYALTY DILEMMAS AND MARKET REFORM
Party-Union Alliances under Stress in Mexico, Spain, and Venezuela

By KATRINA BURGESS*

DURING the twentieth century workers in Latin America and Western Europe were often incorporated into unions with institutionalized links to political parties. In the wake of economic crisis, globalization, and market reform, these links are coming under stress. Unions find themselves struggling to maintain their membership and to respond effectively to the double movement of globalization and decentralization, and they see their mediating capacity and political legitimacy being severely tested in many cases by the adoption of market reform by their party allies in government. The result is a crisis of representation that threatens to alter profoundly the mechanisms by which workers are (or are not) linked to the state.

This article analyzes the impact of these trends on historic alliances between governing parties and labor unions in Mexico, Spain, and Venezuela. All three countries were governed in the 1980s and early 1990s by parties with historic ties to the labor movement. In Mexico the Institutional Revolutionary Party (PRI) or one of its antecedents had been organically linked to the Confederation of Mexican Workers (CTM) since the 1930s. In Spain the Socialist Party (PSOE) had been closely associated with the General Workers' Union (UGT) since the 1880s. And in Venezuela, Democratic Action (AD) had dominated the Confederation of Venezuelan Workers (CTV) since the 1940s. These parties owed much of their success to the support of affiliated unions,

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which, in turn, enjoyed a degree of influence that outweighed their organizational presence among workers.

In the 1980s and early 1990s all three parties adopted economic reforms that violated their long-standing principles by imposing painful sacrifices on organized labor. These reforms—which included fiscal and wage austerity, trade liberalization, price deregulation, flexibilization of the labor market, privatization of state-owned enterprises, industrial restructuring, and welfare reform—subjected workers to declining incomes, unemployment, decreased job security, and cuts in social services. They also reduced the mediating capacity of unions by shrinking the size of the public sector and expanding the influence of neoliberal technocrats in policy-making circles. Yet party-affiliated labor leaders responded differently in each case. In Mexico they complained bitterly about the reforms but neither organized serious protest nor took steps to extricate themselves from the alliance. In Venezuela they came closer to breaking their ties with the party but ultimately retreated to their traditional strategy of negotiating behind closed doors. Only in Spain did they abandon their historic ties with the party in response to its market reforms.

I argue in this article that the strategic choices of disaffected labor leaders can be understood with reference to Albert Hirschman's schema of exit, voice, and loyalty.[1] I propose that voice and exit constitute points along a path of alliance change, and that loyalty interacts with authority structures to affect the pace and direction of this change. Although loyalty is a very underdeveloped concept in Hirschman's model, I find that it is critical to the fate of party-union alliances under stress. To understand how and why such alliances change, we need to know how loyalty is constructed, of what it consists, and under what conditions it is likely to evaporate. I seek to unravel to these puzzles by examining the role of loyalty in the fate of party-union alliances under stress in Mexico, Spain, and Venezuela.

Loyalties under Stress

Political parties and labor unions began to forge alliances in Latin America and Western Europe with the advent of industrialization and mass politics in the late nineteenth and early twentieth centuries.[2] Al-

[1] Hirschman, *Exit, Voice, and Loyalty* (Cambridge: Harvard University Press, 1970).

[2] Alessandro Pizzorno, "Political Exchange and Collective Identity in Industrial Conflict," in Colin Crouch and Alessandro Pizzorno, eds., *The Resurgence of Class Conflict in Western Europe since 1968* (New York: Holmes and Meier, 1978); Ruth Berins Collier and David Collier, *Shaping the Political Arena* (Princeton: Princeton University Press, 1991).

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though the earliest unions tended to be apolitical or anarchist, unions and parties discovered shared interests as workers developed a class consciousness, the state increased its involvement in the economy, and working-class support became a valuable commodity in the struggle for state power. These conditions laid the foundation for an exchange whereby the union would help the party win or maintain control of the state in return for the party's commitment to use state intervention to channel benefits to labor. Although many labor-backed parties initially advocated radical state intervention in the form of socialism or communism, participation in the political system usually led them to moderate their programs in favor of using state power to promote the interests of workers in the context of a capitalist economy.[3]

These exchanges facilitated the construction of stable, institutionalized alliances between parties and unions that were informed by strong bonds of loyalty. Rather than being ad hoc and dictated by short-term interests, these alliances resembled "regimes" as understood by international relations scholars. Stephen Krasner defines regimes as "sets of principles, norms, rules, and decision-making procedures around which actors' expectations converge."[4] Although he and his colleagues apply the concept of regimes to nation-states in the international arena, it can be extended quite naturally to organizations in the domestic arena. A defining feature in both cases is the nonunitary character of the central actors. Like nation-states, parties and unions have complex internal structures, identities, and constituencies. They can enter into regularized patterns of interaction with one another, but they do so as collective entities rather than as individuals. Thus, they must consider more than their individual preferences; they must also take into account the potential responses of their followers. In addition, these central actors are relatively few in number, which means any one of them can have an impact on institutional outcomes.

Like regimes, party-union alliances are structured by principles and norms.[5] The principles elaborate their shared vision of society; and the norms (1) lay out each partner's side of the bargain in the socioeconomic, political, and organizational arenas and (2) govern the management of negotiation and conflict within the alliance. Whereas some

[3] Gøsta Esping-Andersen, *Politics against Markets* (Princeton: Princeton University Press, 1985); Adam Przeworski and John Sprague, *Paper Stones* (Chicago: University of Chicago Press, 1986).

[4] Krasner, "Regimes and the Limits of Realism," in Stephen D. Krasner, ed., *International Regimes* (Ithaca, N.Y.: Cornell University Press, 1983), 2.

[5] Although rules and procedures are also important, I argue that they can be subsumed under norms.

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principles and norms will be explicit and formalized, others will consist of informal yet mutual understandings that have evolved out of repeated interactions between the party and its labor allies. Both principles and norms serve as codes of conduct that alter the expectations and, hence, the behavior of alliance participants. In particular, these participants become more inclined to trust their exchange partners to behave in ways that are favorable to their goals and interests.

Most party-union alliances in Latin America and Western Europe in the twentieth century developed around the principle of state intervention in the economy. This principle generated similar norms regarding the rights and obligations of each partner. In the socioeconomic arena the party was expected to use the power of the state, when available, to deliver wage and nonwage benefits to labor, as well as to adopt procedures that gave labor leaders a role in formulating and implementing relevant policies. In return affiliated unions were expected to moderate their strike activity and to refrain from maximizing their wage demands when the party was in government, particularly in times of economic crisis. In the political arena the party was expected to give labor leaders access to public office and party posts in return for the union's delivery of the working-class vote in elections. Finally, in the organizational arena the party was expected to seek (or maintain) the hegemony of its labor allies in the labor movement in return for legitimation as a representative of the popular classes. Although the party could deliver many of these benefits only when in government, it exchanged the *promise* of their delivery for the union's support when in the opposition.

Over time these principles and norms encouraged longer time horizons and a general sense of obligation toward the alliance. In other words, they reinforced bonds of loyalty between the party and its labor allies. As suggested by several scholars, loyalty can take the form of either an attitude or a behavior.[6] A loyal attitude can be defined as a belief in the good intentions of another actor. Even if the actor strays in the short term, the loyalist believes he or she will come around in the long term. This belief may derive from ideological affinities, personal relationships, and/or past responsiveness to the loyalist's demands.

[6] See, e.g., Morton Grodzins, *The Loyal and the Disloyal* (Chicago: University of Chicago Press, 1956), 5; Harold Guetzkow, *Multiple Loyalties: Theoretical Approach to a Problem in International Organization* (Princeton: Center for Research on World Political Institutions, Princeton University, 1955), 8; Yossi Shain, *The Frontier of Loyalty* (Middletown, Conn.: Wesleyan Unversity Press, 1989), 22; and Michael J. Withey and William H. Cooper, "Predicting Exit, Voice, Loyalty, and Neglect," *Administrative Science Quarterly* 34, no. 4 (1989), 522.

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Since loyalty, like trust, grows with use and decays with disuse, reserves of loyalty can be accumulated and then tapped in times of stress.[7] But these reserves must ultimately be replenished through actions that reaffirm the loyalist's faith in the other actor's good intentions. Rather than being blind, a loyal attitude rests on rational expectations about the future and is likely to be replaced by feelings of betrayal if these expectations are dashed.

Loyal behavior can be defined as living up to one's explicit or implict commitments to another actor. In the case of a party-union alliance, a loyalist conforms to the principles and norms on which the alliance is based. Although a loyal attitude and loyal behavior are mutually reinforcing, the latter can exist independently of the former. As John Schaar notes, "Active disloyaly is very difficult: custom, the climate of opinion, informal and formal sanctions, inertia, fear, the lack of clear alternative objects of loyalty—all these forces work to assure that even those who are not actively and intensely loyal are at least not *dis*loyal."[8] Thus, loyal behavior may persist even after the loyalist loses faith in another actor's good intentions. Once the reserves of loyal attitude have been depleted, however, it becomes more difficult to prevent outbreaks of disloyal behavior.

Building reserves of loyalty between parties and unions was relatively easy in the context of mass production, limited global competition, and fixed exchange rates. First, labor-backed parties could make credible promises to use state power to deliver concrete benefits to unions and workers. And at least until the 1980s they usually fulfilled these promises when in government. In Western Europe they tended to pursue Keynesian demand management in the context of a mixed-economy welfare state. In Latin America they tended to adopt a demand-driven model of import-substitution industrialization (ISI) combined with limited welfare benefits for workers and the middle classes. Both strategies involved extensive state intervention in the economy and granted affiliated unions privileged access to economic, political, and organizational benefits. Although labor-backed parties sometimes retreated from their commitments in times of economic crisis, these

[7] Partha Dasgupta, "Trust as a Commodity," in Diego Gambetta, ed., *Trust: Making and Breaking Cooperative Relations* (Oxford: Basil Blackwell, 1988), 56. For a related and intriguing discussion of how trust mediates the perceptions and responses of employees regarding the breach of psychological contracts by their employers, see Sandra L. Robinson, "Trust and Breach of the Psychological Contract," *Administrative Science Quarterly* 41, no. 4 (1996).

[8] Schaar, "Loyalty," in *International Encyclopedia of the Social Sciences*, vol. 9 (New York: Macmillan Company and the Free Press, 1968), 485.

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setbacks were usually only temporary, thereby reinforcing the loyalty of affiliated unions.

Second, affiliated unions were well positioned to deliver worker support and cooperation to the party. As a relatively homogeneous group in stable work roles, workers tended to identify strongly with one another and with the union claiming to represent them. In addition, they were often geographically concentrated, which reinforced class identities and made it easier for the union to monitor compliance with economic and political directives. Workers also relied quite heavily on the union for economic and political information. According to Victor Pérez Díaz, these conditions facilitated a relationship of "implicit delegation" between workers and unions, meaning that workers trusted the unions to look out for their interests and did what the unions asked of them.[9] These strong and stable loyalties helped the unions deliver on their promises to the party, even during times of economic crisis.

In this context party-affiliated unions had the opportunity to mediate between the party and workers, particularly when the party was in government. In effect, they became managers of a virtuous circle of loyalty. Party leaders reinforced the loyalty of labor leaders by offering them policies favorable to workers and unions, union subsidies, access to public office, and participation in policy formulation. Labor leaders, in turn, used these resources to reinforce the loyalty of workers by offering them higher wages, increased employment, job security, welfare benefits, and other socioeconomic improvements. The loyalty of these workers was then translated by labor leaders into electoral and organizational support for the party, thereby reinforcing the party's loyalty to labor. Although these loyalties were never entirely unconditional, relatively stable identities and predictable economic trends allowed for the accumulation of reserves of loyalty that could be tapped in times of stress and replenished in times of prosperity.

These conditions favoring the building of reserves of loyalty between parties and unions began to deteriorate in the late twentieth century, however, as both identities and economic conditions became more fluid. Heightened international competition, the collapse of the Bretton Woods system of fixed exchange rates, the information revolution, and the growth of the service sector all contributed to more flexible forms of economic organization in the 1970s and 1980s. In the process,

[9] Pérez-Díaz, "Unions' Uncertainties and Workers' Ambivalence," *International Journal of Political Economy* 17 (Fall 1987), 120.

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worker identities fragmented and multiplied while the traditional base of union support declined as a share of the workforce. These changes made it "increasingly difficult for trade unions to secure workers' loyalty on the basis of class ideology and collective identity."[10] As a result, loyalty reserves became more vulnerable to depletion in the event that the union stopped delivering benefits and protection to individual workers in the short term.

Unfortunately, changes in the global economy have reduced the capacity and willingness of labor-backed parties to facilitate this delivery while in government. First, international competition and the relative decline of mass production have undermined both the rationale and the resources for state intervention in the economy. Second, the same uncertainties that are leading employers to seek more flexible forms of production are encouraging parties to pursue more flexible strategies of coalition building and policy-making. Thus, many labor-backed parties have begun to diversify their support base away from organized labor, to shift policy-making authority from labor leaders to neoliberal technocrats, and to cultivate direct links with individual voters, thereby bypassing the unions as intermediary organizations.

Responses by Disaffected Labor Leaders

When labor-backed parties reduce state intervention and/or engage in coalitional restructuring, they violate alliance principles and norms and break the virtuous circle of loyalty that has sustained their ties with labor. In the process they devalue the terms of labor's exchange with the party. But, as we see in Mexico, Spain, and Venezuela, not all labor leaders respond to this devaluation in the same way. Borrowing from Hirschman's seminal work, *Exit, Voice, and Loyalty,* I argue that they will choose one of three responses: norm-based voice, norm-breaking voice, or exit. Their choice depends on how loyalty interacts with the authority structures in which labor and party leaders find themselves. Besides determining their relative vulnerability to reprisals for disloyal behavior, these authority structures affect the party's capacity to sustain their loyalty either by offering them forms of compensation consistent with the reforms or by taking their side against the reforms.

[10] Mario Regini, "Industrial Relations in the Phase of 'Flexibility,'" *International Journal of Political Economy* 17 (Fall 1987), 92.

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Exit and Voice in Party-Union Relations

Hirschman posits exit and voice as alternative responses by customers of a firm or members of an organization to a decline in the quality of the goods and services they are receiving. Exit occurs when they abandon the relationship altogether. Voice occurs when they make "any attempt to change, rather than to escape from, an objectionable state of affairs."[11] Hirschman finds that exit is the most likely response because it is relatively costless and straightforward. Once an individual has gathered information about alternative products and organizations, he or she can exit without investing in political resources or organizing collectively. Voice, by contrast, "is costly and conditioned on the influence and bargaining power customers and members bring to bear within the firm from which they buy or the organization to which they belong."[12]

Party-affiliated labor leaders face an analogous set of choices when the party adopts market reform and thereby devalues their terms of exchange. Assuming they are unwilling to remain silent, they can either pressure the party to reverse the decline (voice) or defect from the alliance altogether (exit). Unlike the atomized individuals in Hirschman's model, however, they are likely to find voice to be less costly than exit. Exit is discouraged by the uncertainty and risk associated with abandoning regularized patterns of interaction.[13] Meanwhile, voice is facilitated by the channels of communication already built into the alliance. As argued above, norms will have emerged to govern the management of negotiation and conflict among alliance participants. Conforming to these norms is likely to be much less costly than violating them, and uncertainty surrounding the application of voice is likely to be lowered by previous episodes of responsiveness by the party.

In addition, the small number of actors in a party-union alliance is likely to raise both the resonance of voice and the costs of exit. In part, this is true because exit by a single actor (for example, the union) will lead to a collapse of the alliance, whereas organizations or firms can usually withstand the defection of numerous members or customers. Assuming the party still wants to preserve the alliance, this possibility lends greater weight to the threat of exit, thereby enhancing the effectiveness of voice. But by the same token, exit itself cannot be undertaken quietly or inconspicuously. It is inevitably a loud, political act.

[11] Hirschman (fn. 1), 30.
[12] Ibid., 40.
[13] Arthur L. Stinchcombe, *Constructing Social Theories* (New York: Harcourt, Brace and World, 1968), 123.

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TABLE 1
LABOR LEADER RESPONSES TO MARKET REFORM

	Norm-Based Voice	*Norm-Breaking Voice*	*Exit*
Mexico (CTM leaders)	1982–94		
Venezuela (CTV leaders)	1984–89 →	1989–90	
	1990–93 ←		
Spain (UGT leaders)	1982–84 →	1985–88 →	1988–93

Combined with the other obstacles to exit, these factors are likely to make voice the default option for disaffected labor leaders in a party-union alliance.

We have not yet exhausted the menu of options facing these leaders, however. Because of alliance norms, they have the possibility of more than one kind of voice. The default option, which I call *norm-based voice*, involves tactics that conform to the norms that have emerged to govern the management of negotiation and conflict in the alliance. But if these tactics fail to elicit the desired response, disaffected labor leaders can choose a second option that falls short of exit. This option, which I call *norm-breaking voice*, violates alliance norms but does not constitute abandonment of the relationship. In fact, it is likely to coexist with norm-based voice on other issues or at other times.[14] Thus, while risky, norm-breaking voice does not dispense entirely with the regularized patterns of interaction that have historically served these leaders so well. It is only when this kind of voice falls on deaf ears that labor leaders are likely to resort to exit.

I argue that a shift by disaffected labor leaders from one option to another constitutes movement along a continuum from norm-based voice to exit. As illustrated in Table 1, labor leaders in Mexico, Spain, and Venezuela moved to different points along this continuum during the reform period.[15] In Mexico, CTM leaders complained bitterly about

[14] Although the line between norm-based voice and norm-breaking voice depends on the norms that have emerged in each party-union alliance, a common example is the distinction between issuing *threats* to hold a general strike (norm-based voice) and actually mobilizing a general strike (norm-breaking voice) when the party is in government.

[15] For a detailed discussion of the response of affiliated unions to the party's economic reforms in each case, see Katrina Burgess, "Alliances under Stress: Economic Reform and Party-Union Relations in Mexico, Spain, and Venezuela" (Ph.D. diss., Princeton University, 1998).

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the economic reforms and threatened mobilizations to improve their negotiating position with the PRI, but they neither organized serious protest against the reforms nor took steps to extricate themselves from the party-union alliance. In fact, they collaborated with industrial restructuring in return for control over collective contracts, signed a series of anti-inflation pacts with business and the government, supported the negotiation of a free-trade agreement with the United States and Canada, fought hard to preserve their institutionalized presence within the PRI, and actively campaigned for PRI candidates in elections. Rather than risking their ties with the governing party, they chose to remain within the confines of norm-based voice.

Venezuela's labor leaders came closer to breaking their alliance with the governing party. After several years of limiting their voice to rhetorical attacks on the economic cabinet and threats to mobilize workers against the government's austerity policies, the CTV joined with Venezuela's other labor confederations in May 1989 to call a general strike against the reforms of the new AD government of Carlos Andrés Pérez. The strike was an unprecedented act of norm-breaking voice that brought the economy to a halt and severely damaged the government's credibility. Venezuela had not experienced a general strike since 1958, when AD and its labor allies had joined with other prodemocracy forces to protest an attempted military coup. Nor had the CTV ever taken such a combative stance while AD controlled the presidency. But rather than representing a step down the path toward exit, the general strike turned out to be an exception to the rule of party-union collaboration. Despite the failure of the general strike to reverse the reforms, labor leaders quickly returned to a strategy of norm-based voice.[16]

Only in Spain did affiliated labor leaders exit from their historic alliance with the governing party. As in Mexico and Venezuela, they initially responded to market reform with norm-based voice. Between 1982 and 1984 they cooperated reluctantly with the PSOE's policies of fiscal austerity, industrial restructuring, and labor market reform. They soon moved into norm-breaking voice, however, by breaking with party discipline in the parliament to protest a pension reform in 1985, resigning their parliamentary seats rather than vote for the PSOE's budget in 1987, and, finally, joining with the communist-affiliated union, the Workers' Commissions (CCOO), to hold a general strike against the

[16] An eloquent example of this return to norm-based voice was the decision by AD's labor delegation to vote with the party to reject a motion of censure against Pérez's cabinet in March 1992, despite the CTV's strong criticism of the cabinet and its policies. *El Nacional*, March 27, 1992.

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government's economic policies in December 1988.[17] Besides representing an all-out assault on the government's credibility, the strike was of tremendous symbolic importance. Spain had previously experienced only four truly general strikes, all of which took place at moments of regime crisis. And whereas the PSOE and the UGT had joined forces in the earlier strikes, they were on opposite sides of the picket line in 1988.

In contrast to Venezuela, the general strike in Spain carried the UGT over the threshold from norm-breaking voice to exit.[18] Over the next few years the UGT and the PSOE severed the remaining symbolic and institutional ties on which their century-long relationship had been based. In the legislative elections of 1989 the UGT failed to back the PSOE for the first time in its history, and its top leader, Nicolás Redondo, publicly hinted at his support for the opposition coalition, the United Left. UGT leaders also refused to negotiate global economic pacts with the socialist government and joined with the CCOO to hold two more general strikes, in May 1992 and January 1994. Meanwhile, the PSOE launched a project to create a network of militants in the factories to fulfill the UGT's earlier role of disseminating information and mobilizing support. In November 1990 the delegates at the PSOE's Thirty-second Congress voted to eliminate obligatory affiliation with the UGT so as to allow labor leaders affiliated with other unions, particularly the CCOO, to serve on the party's governing bodies.

These contrasting stories of party-union relations raise two questions. First, why did labor leaders in all three countries respond initially with the same strategy of norm-based voice? Second, why did their strategies eventually diverge? I argue that both questions can be answered with reference to loyalty. Labor leaders responded initially with norm-based voice because they were all drawing on the reserves of loyalty that the party had accumulated in previous interactions with them. But their strategies diverged over time because they faced different opportunity costs to remaining loyal to the party as it adopted market reform.

[17] Although the catalyst for the 1988 general strike was a Youth Employment Plan to allow temporary contracts for workers under twenty-five years of age, the UGT demanded a fundamental reorientation in the government's economic program. For a thorough discussion of the UGT's demands, see the articles in *Claridad* 29–30 (1989).

[18] Exit did not mean that UGT leaders stopped negotiating with the PSOE, however. Since workers and unions could not avoid the consequences of the party's policies even after the collapse of the alliance, they continued to exercise "voice after exit." See Hirschman (fn. 1), 101, 104.

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Loyalty And Loyalty Dilemmas

I have already suggested how loyal attitude and loyal behavior are embedded in a party-union alliance. With regard to loyal attitude, historically constructed expectations regarding the good intentions of the party produce reserves of loyalty among labor leaders. As long as their expectations are kept alive—and the loyalty reserves are thereby maintained—labor leaders are likely to choose voice over exit in response to a deterioration in their terms of exchange.

Hirschman makes a similar argument that loyalty "holds exit at bay and activates voice."[19] Unfortunately, he never defines loyalty, which leaves him open to the criticism that he is using it as "an *ad hoc* equation filler."[20] According to Brian Barry, Hirschman predicts the probability of exit on the basis of (1) a cost-benefit analysis concerning the value of the best alternative and the probability of gaining an improvement in the existing product or organization at a given cost of voice; and (2) loyalty, which acts as a tax on competing products or organizations. But because he provides no independent criteria by which to measure loyalty, "the equation can always be made to fit the facts *ex post*, by imputing loyalty in sufficient quantity to a person who, on the basis of the first term (the cost-benefit calculation), should have switched but in fact has not done so."[21]

We can overcome this problem by defining loyalty as historically constructed expectations regarding the good intentions of another actor. Rather than constituting an ad hoc tax on competing products or alternatives, loyalty becomes part of the first term, that is, the probability that voice will produce results. Hirschman in fact suggests this solution when he argues that loyalty involves a "reasoned calculation" based on previous interactions that voice will produce results.[22] He later builds on this idea by linking loyalty to trust.[23] As long as disaffected

[19] Hirschman (fn. 1), 78. Note that loyalty is not equivalent to silence. A decision to remain with a product or organization does not necessarily lead to the exercise of voice. Instead, an actor may go along with a deteriorating status quo without engaging in pressure tactics to reverse it. Brian Barry, "Review Article: Exit, Voice, and Loyalty," *British Journal of Political Science* 4, no. 1 (1974), 95. But rather than expanding the menu of options to include "silent non-exit," many scholars mistakenly use loyalty in its stead. This move creates a dichotomy between loyalty and voice that is inconsistent with Hirschman's model.

[20] Barry (fn. 19), 95.

[21] Ibid., 96.

[22] Hirschman (fn. 1), 79, 91. Barry recognizes this solution when he writes that "[w]hat I think [Hirschman] wants to say here is that the experience of having had influence in a collectivity and the expectation of having influence in the future tend to increase a person's commitment to that collectivity, in other words loyalty to it in the ordinary meaning of 'loyalty.'" Barry (fn. 19), 99.

[23] Albert O. Hirschman, *Rival Views of Market Society and Other Recent Essays* (New York: Viking, 1986), 81.

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TABLE 2
SOLUTIONS TO THE LOYALTY DILEMMAS

	Disloyalty		
	Solution 1	*Solution 2*	*Solution 3*
Party leaders toward executive	no	no	yes
Labor leaders toward workers	yes	no	no
Labor leaders toward party	no	yes	no

labor leaders trust their party allies to honor their demands, they are likely to continue relying on voice. If that trust is betrayed, however, they are likely to cross the threshold into exit unless other inhibiting factors are present.

With regard to loyal behavior, alliance principles and norms create "claims" on the loyalty of each alliance participant. If disaffected labor leaders limit their resistance to norm-based voice, they are respecting the loyalty claims of the party. Once they move into norm-breaking voice, they begin violating these claims and thereby behave disloyally toward the party. Crossing the threshold into exit constitutes the ultimate act of disloyalty because it brings about the collapse of the alliance.[24] But the party's claims are not the only ones that are relevant. Because parties and unions are collective entities rather than unitary actors, their leaders face multiple claims on their loyalty and may sometimes find themselves pulled in strategically contradictory directions.

This is exactly what happens when a labor-backed party in government adopts reforms that impose hardships on workers and unions. Caught in a "loyalty dilemma," labor and party leaders are left with no choice but to behave disloyally toward one set of claimants. For labor leaders, the dilemma involves a choice between the loyalty claims of the party and the loyalty claims of their followers. Either they tolerate the reforms at the risk of losing worker support, or they resist the reforms at the risk of losing access to resources controlled by the party.[25] For party leaders, the dilemma involves a choice between the loyalty claims of their own executive and the loyalty claims of their labor allies. Either they close ranks with the executive at the risk of losing the support of

[24] As suggested above, disaffected labor leaders may continue to adhere to alliance norms even after their reserves of loyalty toward the party have been depleted, especially if the party has the capacity to punish them for disloyalty. At this point, however, loyal behavior is no longer motivated by loyal attitude and thus becomes highly sensitive to short-term calculations of interest and power.

[25] For a similar discussion of labor leaders who are pulled in strategically contradictory directions by the policies of labor-backed parties in government, see Peter Gourevitch et al., *Unions and Economic Crisis: Britain, West Germany, and Sweden* (London: George Allen and Unwin, 1984), 11.

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labor, or they join labor in opposition to the reforms at the risk of losing access to resources controlled by the executive.[26]

As illustrated in Table 2, these overlapping loyalty dilemmas have three possible solutions, each of which has different implications for the fate of the alliance. In solution 1 labor leaders behave disloyally toward workers. This solution is consistent with alliance survival because labor leaders continue to honor their commitments to the party despite losing their capacity to channel significant inducements to workers. The likely price of survival, however, is a heavy dose of coercion and control to keep workers (and their leaders) from engaging in disloyal behavior. In solution 2 labor leaders behave disloyally toward the party. Because they are unwilling to violate the loyalty claims of workers, they can be expected to move along the continuum from norm-based voice to exit. Unless the loyalty dilemma is resolved, this solution will bring about the collapse of the alliance.

In solution 3 party leaders behave disloyally toward their own executive. Like solution 1, this scenario is consistent with alliance survival, but for very different reasons. Once party leaders defy the executive to join labor in resisting the reforms, labor leaders can side with the workers without behaving disloyally toward the party and are thus freed from their own loyalty dilemma. Although this solution has the advantage of building reserves of loyalty, it is unlikely to be sustainable, for two reasons. First, domestic and international pressures are likely to limit the party's prospects for convincing the government to abandon market reform. Second, most party leaders face formidable organizational and electoral obstacles to waging a drawn-out battle against their own executive. As a result, they are likely to try to mend party-executive relations, either by cutting deals that involve a compromise with the reforms or by making internal leadership changes. If this reconciliation occurs without a major change in economic policy, labor leaders will once again find themselves in a loyalty dilemma.

I argue that the authority structures in which labor and party leaders find themselves shape the choice set among these different solutions. For labor leaders, the most relevant structures are those that determine the relative power of the party and workers to sanction them for disloyal behavior. The party's sanctioning power is closely linked to its past and

[26] I recognize that these loyalty dilemmas may not set in immediately when a labor-backed government adopts painful reforms. Like labor leaders, workers are likely to have reserves of loyalty that allow the unions to cooperate with the reforms without being viewed as disloyal. Worker patience will wear thin, however, if the governing party appears to be betraying its principles and/or the union appears to be selling out to the reformers. Moreover, as discussed above, reserves of worker loyalty may already be quite shallow as a result of the secular decline in class consciousness and collective identities.

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present relationship with the state. A hegemonic party that has been in power for many years will control greater resources than a party that has spent decades in exile or must share power with other parties. Likewise, a party with the authority to withdraw benefits already granted will enjoy significantly more sanctioning power than a party restricted to using inducements as a bargaining chip only prior to their delivery. Both of these factors are affected, moreover, by the nature of the state itself. Controlling a weak state in an economy dominated by private interests will bring the party far fewer resources than controlling a strong state capable of imposing its will on domestic and foreign actors.

The sanctioning power of workers is strongly influenced by the dynamics of union competition and, relatedly, by the legal framework governing union formation, collective bargaining, strike activity, union elections, and membership in union organizations.[27] This framework structures the universe of workers ostensibly represented by affiliated labor leaders. Within that universe it affects the extent to which these workers can mobilize independently, remove leaders within the union, switch allegiances to a competing union, and control inducements that labor leaders may want to deliver to the party, such as wage restraint, industrial peace, or working-class votes. To some degree, the sanctioning power of workers varies inversely with that of the party, since a party empowered to intervene extensively in union affairs is likely to constrain the independent actions of workers.

For party leaders the most relevant authority structures are those that determine their capacity to act autonomously vis-à-vis their own executive. If they are in a position to challenge the executive when their party is in government, they may be able to stake out an independent position on behalf of workers and perhaps even block the government's reforms through legislative action. Likewise, if there are opportunities for effective dissent within the party, labor leaders may be able to foment internal opposition to the reforms. Both options are likely to depend on factors such as leadership selection mechanisms, rules governing party factions, sources of party financing, and disciplinary procedures. Although party leaders may not take advantage of authority structures that grant them autonomy from their own executive, such structures must exist for them to join labor in resisting the reforms.[28]

[27] For an excellent discussion of the impact of union competition on labor's responses to market reform, see María Victoria Murillo, "From Populism to Neoliberalism: Labor Unions and Market-Oriented Reforms in Argentina, Mexico, and Venezuela" (Ph.D. diss., Harvard University, 1997).

[28] Factors such as economic conditions, international pressures, ideological proclivities, internal party politics, and electoral dynamics are likely to shape the propensity of autonomous party leaders to challenge their own executive.

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Authority Structures in Mexico, Spain, and Venezuela

The three cases presented here suggest that different combinations of authority structures are likely to produce different solutions to the loyalty dilemmas created by the party's adoption of market reform. In Mexico a party-biased distribution of sanctioning power led to alliance survival despite the party's lack of autonomy from the executive (solution 1). In Spain a worker-biased distribution of sanctioning power combined with the party's lack of autonomy from the executive to produce alliance collapse (solution 2). Finally, in Venezuela an intermediate distribution of sanctioning power combined with party differentiation from the executive to produce alliance survival (solution 3). These different authority structures affected the relative vulnerability of disaffected labor leaders to sanctions for disloyal behavior and the party's range of options for retaining their loyalty during the reform period.

Mexico: Executive Control and Pressure from Above

In Mexico the lines between the party and the executive were so blurred that Mexicans often spoke of "the PRI-government" (*el PRI-gobierno*). Although the PRI was formally empowered to select its own leaders, set a political agenda, and nominate candidates for public office, it "never developed an institutional structure independent of the state apparatus."[29] The chief executive, who was always a PRI candidate, served as supreme commander of both the state and the party during his six years in office (*sexenio*).[30] He chose a significant share of the party's leaders and could remove any PRI bureaucrat or politician who challenged his authority. More importantly, each outgoing president designated his successor, who was then formally nominated by the PRI. This system gave PRI leaders and their clients tremendous incentives to curry favor with the president, particularly toward the middle of each *sexenio*.

Executive dominance merged with the centralization of authority within the PRI. In the 1940s the party adopted reforms that reduced the capacity of organized sectors to nominate their own candidates, heightened the influence of party bureaucrats, and imposed strict party discipline on PRI deputies and senators.[31] In addition to generating the

[29] Kevin Middlebrook, *The Paradox of Revolution* (Baltimore: Johns Hopkins University Press, 1995), 28.

[30] Mexican presidents (and all other elected officials) are constitutionally prohibited from running for reelection.

[31] Pablo González Casanova, *El estado y los partidos políticos en México* (México, D.F.: Ediciones Era, 1981), 122–29; Guadalupe Pacheco, "La XIV Asamblea Nacional del PRI," *Estudios Políticos* 3a (1991), 77–78.

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majority of legislative proposals, the chief executive dictated the party line in congress. Divisions existed within the PRI, but harsh penalties discouraged the public airing of internal disputes. Combined with the PRI's dominance in the legislative branch, this discipline meant that presidential initiatives almost always became policy. If party actors failed to alter these initiatives through internal negotiations, they had little choice but to throw their support behind the final outcome, however undesirable.

These blurred lines between party and state reinforced a top-down distribution of sanctioning power that favored the PRI over workers. Not only did the PRI dominate all three branches of government for nearly seventy years, but Mexico's Federal Labor Law (LFT) gave the state extensive authority to intervene in labor affairs. Labor leaders could not form a union or hold a strike without the approval of the labor authorities, and the PRI-controlled government had the discretionary authority to manipulate union elections and to influence the outcome of disputes regarding a union's title to a collective contract.

In addition, the CTM's organic yet asymmetrical ties to the PRI endowed the party with significant power relative to its labor allies. Between the late 1930s and the early 1950s, the CTM constructed formal and exclusive linkages with the PRI that generated leadership privileges but also raised the costs of challenging the party's authority. PRI leaders, meanwhile, cultivated multiple and competing allegiances with other official unions (as well as with peasant and middle-class organizations) that enabled them to employ divide-and-conquer tactics against the CTM without encouraging dissidence or abandoning their overall commitment to labor.

At the same time Mexican workers were seriously constrained in their ability to punish labor leaders for disloyal behavior. As long as CTM leaders kept a few lieutenants happy with opportunities for personal gain and patronage, they did not have to worry too much about losing control of their unions. The LFT allowed for—but did not require—the creation of a closed shop through the incorporation of exclusion clauses in collective contracts. An entry clause made union membership a prerequisite to employment, and a separation clause required the employer to dismiss any worker who lost his or her union membership. By linking union membership to employment, these clauses effectively protected incumbent labor leaders from dissent from below, even in the event that workers became disgruntled with their leadership or with union policy.

Further, labor leaders were granted wide latitude in managing the in-

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ternal affairs of their union. For example, they faced no legal requirements regarding the use of secret ballots in union elections, the frequency of union assemblies, or the structure of union authority.[32] While consistent with democratic unionism, this latitude allowed labor leaders to impose controls on workers. In fact, the PRI encouraged such practices, preferring to delegate control to affiliated labor leaders rather than to exercise it directly. On the rare occasions that worker unrest overwhelmed these internal authority structures, the PRI used its legal and coercive powers to silence dissenting workers or leaders.

This party-biased distribution of sanctioning power was self-reinforcing. First, the relative autonomy of CTM leaders from workers encouraged them to value leadership privileges such as party posts and elected office independently of their impact on workers. This pattern was set during an episode of alliance stress in the late 1940s, when the CTM's dominant leadership group rejected a petition by the confederation's former president, Vicente Lombardo Toledano, to support a new party more sympathetic to working-class interests. Rather than viewing this alternative as an opportunity to realize the ideological agenda of the labor movement, these leaders saw it as a threat to the political prerogatives that came with their alliance with the PRI. The party rewarded them generously for their loyalty, but at the price of weakening their legitimacy with workers. In the process, they increased their dependence on the PRI by limiting the option of turning to workers for support in the event that the party abandoned them.[33]

Second, CTM leaders could get away with behaving disloyally toward workers only as long as they remained in the good graces of the PRI. Employers tended to negotiate exclusion clauses only with "reliable" unions favored by the ruling party. Moreover, the provisions of the LFT and the party's dominance of the political system enabled the PRI to expose previously protected labor leaders to voice and exit by workers. Instead of denying registration to a competing union, PRI authorities could grant it. Or instead of quelling dissent within the workplace, they could cultivate it. Although the PRI used these tactics almost exclusively against the CTM's rivals until the 1980s, their successful application sent the message that friends prosper while foes perish. Thus, the threat of worker dissent worked paradoxically to reinforce the CTM's loyalty to the PRI at the expense of its loyalty to workers.

[32] Middlebrook (fn. 29), 66–67.

[33] It should be recognized, however, that the CTM's crisis of legitimacy in the 1940s was ameliorated in the 1950s and 1960s when the PRI's strategy of "stabilizing development" enabled the CTM to deliver positive gains in real wages, nonwage benefits, and employment to its members. See Middlebrook (fn. 29), 120–22.

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Faced with a loyalty dilemma in the 1980s and early 1990s, CTM leaders were encouraged by these arrangements to sacrifice the loyalty claims of workers (solution 1). Although the PRI refused to soften its reforms, which imposed painful sacrifices on the rank and file, CTM leaders did not move beyond norm-based voice. To some degree, they were held hostage by the PRI's divide-and-conquer tactics. Throughout the reform period the Labor Ministry facilitated defections by workers to rival confederations more willing to cooperate with the party's policies.[34] In addition, President Carlos Salinas used charges of corruption to displace intransigent CTM leaders and cultivated relations with rival leaders whom he hailed as representatives of a "new unionism" better suited to Mexico's new economic model.

The unwillingness of CTM leaders to move beyond norm-based voice did not stem entirely from a fear of reprisals, however. Although they were frustrated by the PRI's failure to provide generalized benefits for workers, they continued to count on the party respecting their core interests—which emphasized leadership privileges rather than worker well-being. This preference ordering, which reflected their historical experience of relative autonomy from workers, enabled the PRI to retain their loyalty without seriously compromising its reform program. Rather than having to restore the living standards of workers, the PRI could respond to norm-based voice by providing selective benefits to CTM leaders and their lieutenants.

During the reform period the PRI supported the creation of union-owned businesses, incorporated CTM leaders into high-level wage negotiations, preserved the CTM's quota of party posts and candidacies, delivered on a promise not to reform the LFT, and abandoned plans to eliminate the union's control over the distribution of worker housing. Although some of these concessions trickled down to CTM members, the universe of beneficiaries was narrow, and the gains paled in comparison with the declines in wage and nonwage benefits experienced by most workers during the reform period.[35] Moreover, the last three con-

[34] For a discussion of these tactics, see Javier Aguilar García and Lorenzo Arrieta, "En la fase más aguda de la crisis y en el inicio de la reestructuración o modernización," in Javier Aguilar García, ed., *Historia de la CTM, 1936–1990*, vol. 2 (México, D.F.: Instituto de Investigaciones Sociales, UNAM, 1990); and María Xelhuantzi López, "Reforma del Estado Mexicano y sindicalismo" (M.A. thesis, Universidad Nacional Autónoma de México, 1992).

[35] In addition, several of these benefits proved short-lived or illusory. Many of the CTM-owned businesses established in the mid-1980s were later dismantled as part of the PRI's privatization program. Meanwhile, the economic cabinet set wage levels and and then delivered them to the CTM for ratification. Although real wages made a partial recovery in the early 1990s, the real minimum wage continued its precipitous decline, and real wages failed to keep pace with productivity gains and in 1992 were still at only 61 percent of their 1980 value. Carlos García Villanueva and Alfred Stoll, "Las relaciones

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cessions did not provide any new resources to the CTM. Instead, the PRI merely retreated from an all-out assault on the CTM's political and organizational prerogatives.

Had CTM leaders believed that they were destined to lose these prerogatives on top of the hardships imposed on workers, they might have risked resorting to norm-breaking voice. But based on previous episodes of alliance stress, they expected the PRI to close ranks with them in preparation for the presidential succession. As in previous *sexenios*, their loyalty was rewarded when the PRI took steps to repair its relations with the CTM as the succession approached. In 1993 and 1994 the CTM enjoyed a revival of its hegemonic position in the labor movement, a restoration of key privileges within the party, and some valuable concessions in the government's reform of the worker housing institute. In recognition of this historic pattern of reconciliation, the CTM's secretary of social security affirmed that "it is very heart-warming that when the time of the presidential succession approaches, the organic alliance between the [traditional] sectors of the PRI and the government is reestablished."[36]

Spain: Executive Authority and Pressure from Below

Like the PRI, the PSOE lacked autonomy from its own executive. Although it had an institutional structure distinct from the state, party leaders were constrained from acting independently when the PSOE was in power. Between 1982 and 1996 Felipe González served as president of both the party and the government in a parliamentary system with closed electoral lists and strict party discipline.[37] As chief executive, his powers of appointment and dismissal extended to the cabinet, hundreds of joint government and civil service posts, the civil governors in each province, the government delegates to the autonomous communities, and the heads of the Council of State and the National Industrial Institute (INI).[38] He also controlled "the most important decisions re-

laborales en México y su contexto económico y social," in Manfred Wannöffel, ed., *Ruptura en las relaciones laborales* (México, D.F.: Fundación Friedrich Ebert, 1995), 221–24.

[36] Quoted in *El Financiero*, May 7, 1993. Another CTM official drew an explicit parallel between the reaccommodation in the 1990s and the shift by President Luis Echeverría in the 1970s from support for independent unionism to renewal of the alliance with the CTM. Confidential author interview, Mexico City, November 23, 1994.

[37] PSOE statutes required members of the socialist group in parliament to adhere to party discipline regarding their legislative action and votes. PSOE, *Anexo del acta del 29 Congreso* (1981), 52. The party leadership also deducted stiff fines from the paychecks of deputies who missed parliamentary sessions and committee meetings, thereby discouraging abstention as a form of silent protest against the government. Donald Share, *Dilemmas of Social Democracy* (New York: Greenwood Press, 1989), 125.

[38] Peter J. Donaghy and Michael T. Newton, *Spain: A Guide to Political and Economic Institutions* (Cambridge: Cambridge University Press, 1987), 66.

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lating to Government-Parliament relations which may threaten a cabinet's existence—such as the decision to ask for a vote of confidence, to dissolve the [parliament], or to call a referendum."[39]

As in Mexico, this executive power merged with a centralization of authority within the PSOE. Aware of the debilitating consequences of party factionalism in the past, a group of socialists led by González pushed through a reform of the party's internal structure at the PSOE's Twenty-eighth Congress in May 1979. The new rules established an indirect, strictly majoritarian, winner-take-all electoral system for delegates to party congresses and shifted voting on congressional resolutions from local groupings to regional blocs.[40] The new rules also reinforced the party's intolerance for dissent, stipulating that a party member could be expelled for making public declarations damaging to the party image, for serious acts of indiscipline, for slandering another party member, or for provoking a major conflict within the party.[41] When combined with the power of the chief executive, the PSOE's low levels of membership, and Gonzalez's popularity among the electorate, these rules severely limited the capacity of party actors to block the initiatives of their own government.

In stark contrast to Mexico, however, this lack of party autonomy from the executive coexisted with a worker-biased distribution of sanctioning power. Besides having been out of power for most of its history, the PSOE enjoyed little authority to intervene in union affairs even after winning an absolute majority in the parliament in 1982. Breaking with the system of industrial relations established under the dictatorship of Francisco Franco, the 1978 Constitution and the 1980 Workers' Statute severely limited state control of union formation, collective bargaining, strikes, and leadership selection. The only real leverage PSOE leaders had over their labor allies was their control of party posts and candidate placement on closed lists for elected office.

At the same time, workers had significant power over UGT leaders through their participation in factory council elections. The 1980 Workers' Statute established two legal mechanisms of worker representation on the shop floor: the union section and the factory council. The union section consisted exclusively of union members who acted as "the extended arm of unions in the enterprise."[42] By contrast, all workers in

[39] Antonio Bar, "Spain," in Jean Blondel and Ferdinand Müller-Rommel, eds., *Cabinets in Western Europe* (London: Macmillan, 1988), 112.

[40] Share (fn. 37), 56.

[41] Richard Gillespie, *The Spanish Socialist Party* (Oxford: Clarendon Press, 1989), 346–47.

[42] Modesto Escobar, *Works or Union Councils? The Representative System in Medium and Large Sized Spanish Firms*, Estudio/Working Paper no. 43 (Madrid: Instituto Juan March, 1993), 37.

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the workplace, regardless of whether they belonged to a union, could vote in factory council elections. If no union gained an absolute majority of seats, the factory council became the negotiating agent, as occurred in most large firms.

Within the workplace a union's performance in factory council elections determined access to leadership positions and the competencies of the union section. Beyond the workplace, this performance affected (1) the right to negotiate provincial, regional, or national agreements; (2) the legal capacity to convoke council elections in any workplace; (3) representation on the boards of public agencies; and (4) access to government subsidies. Spanish labor law reserved these privileges for unions that qualified as "most representative" by receiving more than 10 percent of all delegates at the national level or more than 15 percent of all delegates at the regional level. Until 1994 the last two privileges were distributed proportionally among these unions on the basis of their electoral performance. Although the UGT was never at any risk of losing its status as a "most representative" union, it faced stiff competition from the CCOO over institutional representation and government subsidies.

The vulnerability of UGT leaders to worker sanctions was heightened by the fact that *all* workers in the workplace could vote in factory council elections.[43] As Ludolfo Paramio argues, "[If] the electoral system is competitive, and the strength and resources of each union depends on its capacity to capture votes, it is easy to understand that union strategies will be strongly influenced by the perceptions of their potential electors."[44] When combined with weak levels of union militancy, this "voters' unionism" reduced the capacity of UGT leaders to retain worker loyalty through the distribution of selective incentives and made them vulnerable to opposition voting.

As in Mexico, the distribution of sanctioning power was self-reinforcing but in the opposite direction. The extensive capacity of Spanish workers to punish UGT leaders for disloyal behavior not only encouraged these leaders to define their core interests in terms of worker well-being but also devalued the few levers of control held by the PSOE. In 1987 several UGT leaders resigned their parliamentary seats rather than

[43] Although only 10–15 percent of salaried workers were union members in the late 1980s, about 50 percent voted in factory council elections, a figure that increased to 80 percent in workplaces where elections were held. Escobar (fn. 42), 6; Faustino Miguélez Lobo, "Las organizaciones sindicales," in Faustino Miguélez and Carlos Prieto, eds., *Las relaciones laborales en España* (Madrid: siglo veintiuno editores, 1991), 220.

[44] Paramio, "Los sindicatos y la política en España, 1982–1992," in Alfonso Guerra and José Felix Tezanos, eds., *La decada del cambio* (Madrid: Editorial Sistema, 1992), 531–32.

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vote in favor of a government budget they viewed as unnecessarily draconian. Aware of the potential backlash from below, they perceived these leadership privileges as *liabilities* rather than assets once they conflicted with the defense of worker interests.[45] Their willingness to forgo such privileges, which was inconceivable in Mexico, left the PSOE with few options for retaining the loyalty of union leaders other than a major retreat from its reforms.

In addition, the PSOE's limited capacity to withdraw benefits once granted contributed to a perverse cycle of concessions leading to radicalization. In 1985 and 1986 the socialists bolstered union rights in the workplace, mandated the return of property confiscated from the unions by the Franco regime, and guaranteed union representation on the governing boards of public agencies. Besides meeting several of the UGT's long-standing demands, these measures privileged the UGT over its rivals. But because the PSOE could not easily withdraw these concessions once granted, their provision ended up enhancing the UGT's freedom to make more radical demands. As a former PSOE labor minister complained, "We gave them the guns and the ammunition to wage their struggle effectively and they turned around and used them against us."[46]

These authority structures encouraged UGT leaders to sacrifice the loyalty claims of the party when confronted by a loyalty dilemma in the 1980s (solution 2). As evidence mounted that the PSOE would not fufill its historic promise to construct a Keynesian welfare state, their loyal attitude soured into a deep sense of betrayal. Combined with the party's lack of sanctioning power and an apparent protest vote by workers against the UGT in the 1986 factory council elections, this disillusionment accelerated their movement along the continuum from norm-based voice to exit.[47] By the end of 1988 the UGT's distrust of PSOE

[45] UGT leaders were particularly sensitive about being too closely associated with the PSOE's reforms after performing poorly in key firms and sectors in the 1986 factory council elections. Following the elections, Redondo complained that "each time a minister speaks . . . we lose votes; each time the 27 liberalizing measures are mentioned, we lose votes. . . . There is a problem of identification. Workers identify us with the government or with the actions of public managers." Quoted in *El País,* December 18, 1986.

[46] Author interview with Luis Martínez Toval, Madrid, June 29, 1995.

[47] Although it is possible that UGT leaders moved more quickly toward exit than the rank and file would have demanded, the timing of their movement suggests they were responding, at least in part, to signals from workers. Moreover, several opinion polls suggest that workers sympathized with the UGT's criticism of the government. See, e.g., Fermín Bouza et al., *Perfil, actitudes y demandas del delegado y afiliado a UGT* (Madrid: Fundación Largo Caballero, 1989), 252–53; and *REIS* 38 (April–June 1987), 358–59. For a good discussion of the radicalism of Spanish labor leaders relative to the rank and file, see Robert Fishman, *Working-Class Organization and the Return to Democracy in Spain* (Ithaca, N.Y.: Cornell University Press, 1990), 39–45.

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leaders was so great that only a radical policy change by the government could have salvaged the alliance.

This situation might have been avoided had the party been able and willing to take the UGT's side against the reforms. But the opposite happened. Although the UGT won the party's support in several of its battles with the government between 1982 and 1984, this was only because González agreed to compromise. When both sides dug in their heels after 1985, the party closed ranks with the government. The last straw for UGT leaders was a campaign led by the party's organizational mastermind, Alfonso Guerra, to foment divisiveness within the UGT against the 1988 general strike.[48] Guerra's transformation from ally to opponent heightened the UGT's sense of betrayal, reinforced its growing perception of the party as a coconspirator with the government, and eliminated any remaining possibility that sympathizers in the party might be able to soften the government's policies.[49]

Venezuela: Party Autonomy and Pressure from Both Sides

In contrast to both Mexico and Spain, party-executive authority structures in Venezuela gave AD leaders enough autonomy to challenge their own government. Supreme authority within the party resided with the National Executive Committee (CEN) rather than with the chief executive. Once in office, an AD president had no formal position in the party executive and exercised no direct control over the party apparatus. The CEN, by contrast, controlled the placement of party candidates on closed lists for the Senate and the Chamber of Deputies, preselected the head of the party's parliamentary fraction, dictated the party line in congress, and even had final say over when an AD president could form a multiparty coalition to pass legislation. Moreover, the president had only limited influence over the nomination of his successor.[50] In contrast to Mexico, the party's nominating convention enjoyed both formal and de facto power to select its presidential candidate, and its delegates often voted down the president's choice.

These spaces for autonomous action enabled AD leaders to join the CTV in resisting the government's reforms at a critical moment in

[48] A year earlier, the PSOE had refused to defend a budget compromise negotiated by Guerra but then rejected by González. This outcome prompted one UGT leader to complain that "the party has been suppressed in the government-party relationship." Quoted in *Cambio 16* (October 26, 1987).

[49] Although members of a critical tendency in the PSOE, the socialist left, sympathized with the UGT's position, they lacked any real power within the party because of electoral rules that placed control primarily in the hands of the central party apparatus.

[50] As in Mexico, the Venezuelan president is constitutionally prohibited from succeeding himself, although he can run for reelection after being out of office for at least ten years.

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party-union relations (solution 3). Not long after CTV leaders organized the 1989 general strike, AD eased their loyalty dilemma by defying Pérez and behaving much like an opposition party.[51] AD's bitter differences with the executive broke into the open after the party's disappointing showing in state and local elections in December 1989. The AD leadership publicly blamed the results on the economic reforms and the lack of AD representation in the cabinet. The struggle became increasingly vitriolic in 1990 and 1991, culminating in a landslide victory by an anti-Pérez faction, led by Luis Alfaro Ucero, at AD's national convention in October 1991.

This feud had two salutary effects on CTV leaders. First, it effectively freed them to treat the Pérez administration like a non-AD government, thereby transforming actions that would normally constitute norm-breaking voice into norm-based voice. As in the years when AD's main rival, COPEI, was in power, the CTV got the green light to support antigovernment initiatives in congress, carry out joint actions with other labor confederations, and mobilize workers. Second, AD's congressional delegation took the CTV's side against the executive on several important issues. In 1990 AD supported a labor law enhancing worker rights and union privileges despite strong opposition by Pérez and his cabinet. In 1991 AD voted down an executive decree establishing a salary increase below the rate of inflation and suspended deliberations regarding a controversial bill offered by the executive to rationalize severance benefits.

These developments brought CTV leaders important relief from the loyalty dilemma created by Pérez's economic reforms. Besides being able to resist the reforms without engaging in disloyal behavior toward the party, they received crucial help from the party in postponing reforms that would have put even greater strain on their relations with workers. This relief arrived, moreover, at a critical moment in party-union relations. By the time outright confrontation between AD and the Pérez administration subsided in 1992, the momentum had shifted back to norm-based voice. A pro-Pérez leader had become president of the CTV, and two attempted military coups had diverted attention from the government's reforms. Furthermore, the episode reaffirmed the possibility that CTV leaders could find allies within the party in their struggle against the reforms.

Had CTV leaders been highly vulnerable to pressures from below, temporary access to solution 3 might not have been sufficient to salvage

[51] Javier Corrales, "El presidente y su gente," *Nueva Sociedad* 152 (1997), 97.

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the alliance. But instead they faced an intermediate distribution of sanctioning power. On the party side AD had a significant degree of leverage but not as much as the PRI. After a decade in exile AD controlled the presidency for twenty-five of the thirty-five years following the democratic transition in 1958 and always held the largest share of seats in the congress. In addition the 1936 Labor Law, which was modeled after Mexico's LFT, gave the state extensive authority to intervene in union formation, collective bargaining, strikes, and union elections. Furthermore, AD's organic ties with individual unionists translated into significant influence over leadership selection within the labor movement. The party decided which AD labor leaders would be placed on candidate lists for union elections; these positions belonged to party in the sense that it could replace a suspended or expelled leader.[52] Thus, AD unionists depended on the party not only for party posts or elected office but also for their upward mobility within the union.

Despite these powerful levers of control, AD's sanctioning power was constrained by two factors. First, unlike the PRI (or the PSOE in the 1980s), AD had to negotiate the terms of its hegemony with other parties. Both the political system and the labor movement operated on the basis of power sharing and proportional representation among the major parties, which meant that AD could not act with impunity in either arena. Second, labor leaders enjoyed a degree of influence within the party that their counterparts in both the CTM and the UGT lacked. Like the CTM (and in contrast to the UGT), AD's Labor Bureau constituted the most unified and organizationally autonomous grouping within the party.[53] But unlike the CTM, the Labor Bureau could translate this unity into pivotal influence over leadership selection within the party.[54] As a result, party leaders had strong incentives to win the loyalty of the Labor Bureau, particularly during periods leading up to internal elections.

On the worker side, CTV leaders enjoyed significant protections from worker dissent but were more vulnerable than their counterparts in Mexico. A combination of indirect elections, negotiated slates, disproportionate voting power for small unions, and "delegates for life" protected high-level leaders from the kind of voters' unionism that

[52] León Arismendi and Francisco Iturraspe, "Sistemas electorales sindicales," in Manuel Vicente Magallanes, ed., *Mandato Político, Evolución Electoral, Comunicación y Sociedad* (Caracas: Publicaciones del Consejo Supremo Electoral, 1990), 257.

[53] UGT members constituted a sizable share of the delegates to PSOE congresses, but the UGT did not act as an organized faction within the party.

[54] Michael Coppedge, *Strong Parties and Lame Ducks* (Stanford, Calif.: Stanford University Press, 1994), 109.

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prevailed in Spain. At the level of the firm, however, Venezuelan workers had real if limited access to both voice and exit. The Venezuelan congress removed exclusion clauses from an early draft of the 1936 Labor Law, and parallel unions were widespread, particularly in the public sector. In addition, nonunionized workers had the right to bargain collectively if they represented at least 75 percent of the workers in the firm. These features gave workers the option of exiting from a union that did not serve their interests.

More importantly, party pluralism made if possible for workers to punish incumbent leaders by supporting challengers from another party. Although the parties continued to negotiate united slates at the federal and confederal levels into the 1980s, this practice became less and less common at the level of the firm. As a result AD faced serious challenges to its dominance in strategic sectors of the economy. In 1987 it lost control of Venezuela's largest union (SUTISS, located in a state-owned steel complex in the industrial state of Bolívar) to the Radical Cause Party.[55] Although a one union–one vote rule prevented SUTISS and other radical unions from gaining seats on the governing boards of higher-level organizations, AD faced the possibility of losing its majority on the CTV executive if enough firms came under the control of rival parties. This threat put additional pressure on AD labor leaders to outbid these parties for worker support.

This intermediate distribution of sanctioning power meant that CTV leaders were likely to suffer serious consequences regardless of which claimants they betrayed in a loyalty dilemma. As a result, they tended to vacillate between different strategies and to consider both leadership privileges and generalized benefits for workers as part of their core interests. But as long as they could manage occasional demonstrations of loyalty toward workers, their preference was to remain in the good graces of the party. From 1984 to 1988 AD accommodated this preference by combining high-level positions for CTV leaders with benefit packages for workers and expansionary spending just before the 1988 elections. These concessions kept the CTV from moving beyond norm-based voice despite the government's brief experiment with austerity and a secular decline in the living standards of workers.

The CTV's balancing act demanded more radical action, however, after Pérez's reforms prompted violent demonstrations in the streets of Venezuela's major cities in February 1989. This unanticipated burst of

[55] For a detailed discussion of the struggle for control of SUTISS, see Steve Ellner, *Organized Labor in Venezuela, 1958–1991* (Wilmington, Del.: Scholarly Resources, 1993), 153–62.

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opposition by the popular sectors dealt a serious blow to the CTV's legitimacy and emboldened those leaders within the CTV who favored a more combative stance toward the government. The CTV president, Juan José Delpino, concluded that "if we do not maintain conduct that is autonomous, independent, critical, rebellious toward the parties and the government, then this labor movement will escape our control."[56] Against the explicit wishes of the party and the government, the CTV engaged in an unprecedented act of norm-breaking voice by joining with rival labor confederations to organize the May 1989 general strike.

Having restored some of their lost credibility, CTV leaders quickly retreated to norm-based voice despite Pérez's refusal to abandon his reforms.[57] In part, they were resorting to their established practice of trying to appease competing claimants by vacillating between alternative strategies. But their retreat is unlikely to have been so rapid or complete had the party not offered them relief from the loyalty dilemma in 1990 and 1991. Rather than having to defy the party to demonstrate their loyalty to workers, as in May 1989, they could now do so with the party's blessing and support. Although this window of opportunity eventually closed, it proved sufficient to swing the pendulum back toward norm-based voice for the duration of the Pérez administration.

Conclusion

The revised version of exit, voice, and loyalty offered in this article provides a theoretical framework for understanding the fate of party-union alliances that come under stress when the party adopts market reform. At the heart of this framework is the concept of loyalty. Understood as historically constructed expectations and adherence to codes of conduct, loyalty is built into the principles and norms on which these alliances are based. When a labor-backed government adopts reforms that harm workers and unions, it challenges these principles and norms and creates a loyalty dilemma for both labor and party leaders.

Initially, the reserves of loyalty accumulated prior to the party's adoption of reforms are likely to inhibit disaffected labor leaders from moving beyond norm-based voice in response to a loyalty dilemma. If the government persists with the reforms, however, the propensity of these leaders to behave disloyally toward the party will vary according to their relative vulnerability to reprisals for disloyal behavior, and the

[56] Quoted in *El Nacional,* April 6, 1989.

[57] Delpino resigned in frustration from his post as CTV president, and the CTV began cooperating with Perez's privatization policies in return for selective benefits for laid-off workers.

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party's capacity to retain their loyalty even as sacrifices are imposed on workers. Both of these variables are linked to the authority structures in which labor and party leaders find themselves. Assuming the government does not significantly modify its reforms, the alliances most likely to survive are those in which labor leaders face a party-biased distribution of sanctioning power and/or the party is able and willing to differentiate itself from its own executive to join labor in resisting the reforms.

Alliance survival during the transition to a market-led economy may not be the end of the story, however. Both Mexico and Venezuela are in the midst of political crises that threaten the viability of their party-union alliances. These crises are linked, morever, to the same variable that allowed for alliance survival during the 1980s and 1990s: the autonomy of political elites from their bases. In both countries popular frustration with the inadequacy of interest representation is fueling the collapse of the traditional party systems. An important consequence of this collapse is a redistribution of sanctioning power away from the parties. In Mexico the PRI faces growing electoral competition and can no longer count on controlling all three branches of government. In Venezuela AD is in danger of becoming completely marginalized by the victory of independent candidates in presidential elections and the convening of a constituent assembly to rewrite the Venezuelan constitution.

Initially, affiliated unions in both countries responded to these crises by closing ranks with their party allies, since the potential cost of disloyalty now included the collapse of the power structures on which they had come to depend. Ultimately, however, they are likely either to adapt by turning to more flexible and less partisan strategies or to be overtaken by rival organizations that have already done so. Indeed, these patterns are already emerging. In Mexico CTM leaders continue to cling to the PRI, but they are losing ground to new labor organizations committed to greater autonomy from political parties and the state. In Venezuela CTV leaders have been more proactive about delinking from AD, but it may too little too late to save the confederation from being completely reorganized by antiparty reformers.[58]

These developments suggest that party-union relations in Mexico, Spain, and Venezuela may be taking alternative paths to a similar destination of more contingent, ad hoc, localized, and loosely institutionalized patterns of interaction. This outcome would be consistent with

[58] For a more detailed analysis of these trends, see Katrina Burgess, "Interest Representation at a Critical Juncture? Unions and Parties in a Liberalizing World" (Prepared for delivery at the annual meeting of the American Political Science Association, Atlanta, Ga., September 2–5, 1999).

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broader trends in interest representation. Greater fluidity in the economic sphere seems to be encouraging greater fluidity in the political sphere. Thus, the old pattern of stable, institutionalized linkages informed by strong bonds of loyalty may be giving way to new patterns characterized by shifting allegiances, shorter time horizons, fragmented forms of collective action, and weaker loyalties.[59] As we have seen, the degree of political upheaval required to make this transition varies significantly across countries. In Spain labor leaders delinked from their party allies incrementally and within existing structures of authority. In Mexico and Venezuela, by contrast, it is taking crises of profound proportions to unravel old linkages and loyalties—crises whose final impact on authority relations has yet to be determined.

[59] For informative discussions of the changing nature of interest representation, see Russel J. Dalton, Paul Allen Beck, and Scott C. Flanagan, "Electoral Change in Advanced Industrial Democracies," in Dalton, Beck, and Flanagan, eds., *Electoral Change in Advanced Industrial Economies: Realignment or Dealignment?* (Princeton: Princeton University Press, 1984); Douglas A. Chalmers, Scott B. Martin, and Kerianne Peister, "Associative Networks: New Structures of Representation for the Popular Sectors?" in Douglas A. Chalmers et al., eds., *The New Politics of Inequality in Latin America* (Oxford: Oxford University Press, 1997); and Frances Hagopian, "Democracy and Political Representation in Latin America in the 1990s: Pause, Reorganization, or Decline?" in Felipe Agüero and Jeffrey Stark, eds., *Fault Lines of Democracy in Post-Transition Latin America* (Miami, Fla.: North-South Center Press, 1998).

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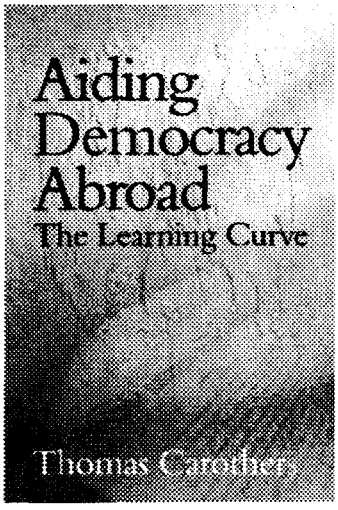

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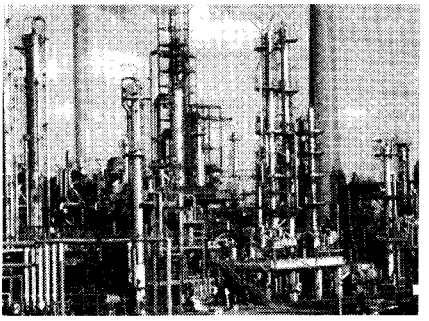

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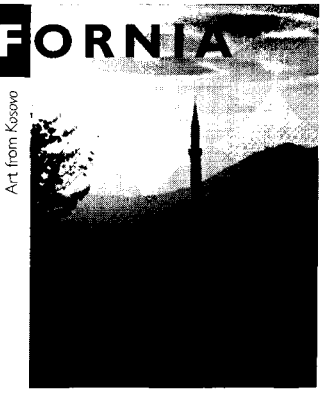

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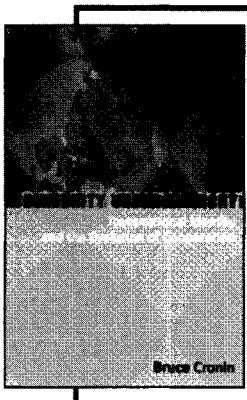

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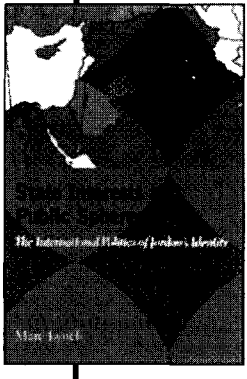

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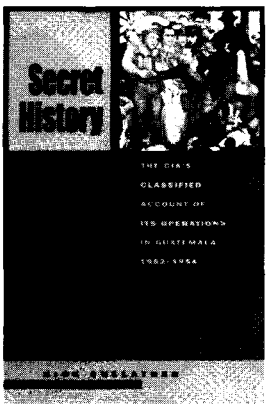

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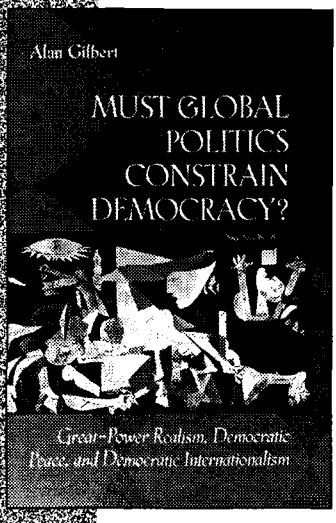

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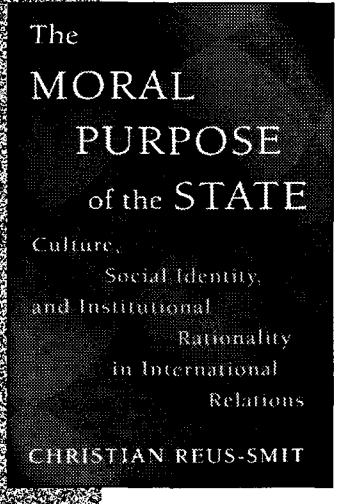

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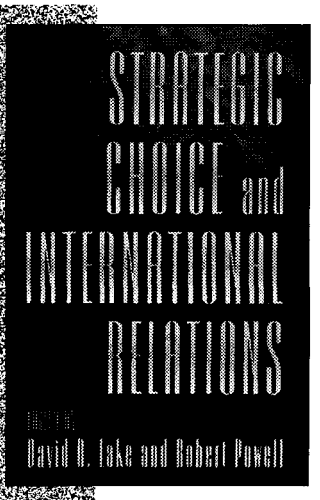

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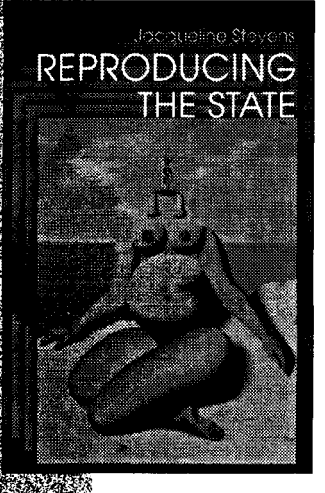

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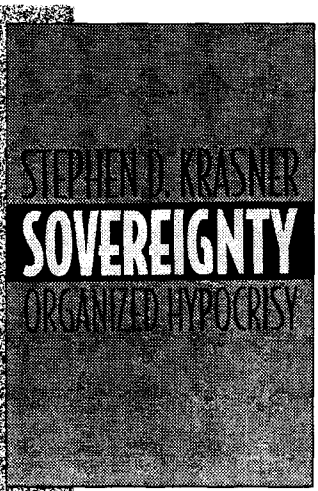

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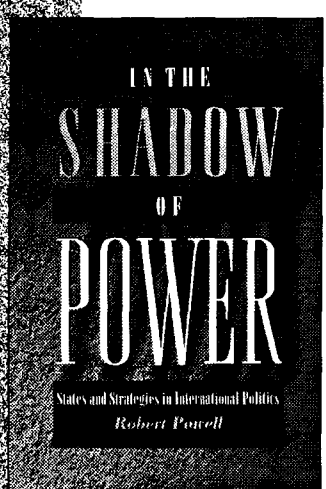

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